

# HOUSE . . . . No. 361

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By Mr. Pratt of Saugus, petition of the Uniformed Rate Committee that a division of motor vehicle insurance be established within the Department of Public Works. Insurance.

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## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-Two.

An Act establishing within the Department of Public Works a Division of Motor Vehicle Insurance.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

- 1 SECTION 1. Chapter sixteen of the General Laws,  
2 as amended, is hereby further amended by adding  
3 at the end thereof the following sections:—  
4 *Section 8.* The Massachusetts automobile insur-  
5 ance division, hereinafter in this act referred to as  
6 the division, is hereby created a body corporate  
7 with the powers provided in this act and with all  
8 the general corporate powers incident thereto.  
9 The said division may transact within the com-  
10 monwealth any kind of liability automobile insur-  
11 ance which mutual insurance companies are allowed  
12 by law to transact and shall be governed by the  
13 laws now or hereafter in force relating to the trans-  
14 action of such business by said mutual companies  
15 so far as the same are not in conflict with the pro-

16 visions of this act. The said division shall be  
17 under the control and management of a board  
18 of directors to be known as the board of directors  
19 of the Massachusetts automobile insurance division.

20 *Section 9.* The division of motor vehicle insur-  
21 ance of the department of public works shall consist  
22 of a body corporate known as the Massachusetts  
23 automobile insurance division. The commissioner  
24 shall appoint and may remove, subject to the ap-  
25 proval of the governor and council, three officials  
26 to be known as directors of the Massachusetts  
27 automobile insurance division and may, with like  
28 approval, fix their compensation and name one  
29 of said directors as chairman. The chairman of the  
30 said board of directors, subject to the approval  
31 of the commissioner, may appoint and remove a  
32 secretary, and such deputies, clerks, physicians,  
33 attorneys and other assistants as the management  
34 of the company may require and fix their com-  
35 pensation, terms of service and define their duties.  
36 Attorneys and physicians shall be exempt from  
37 civil service law and rules.

38 On each December first there shall be paid from  
39 the funds of the division to the Highway Fund such  
40 sums as have been expended from it for the division  
41 of motor vehicle insurance during the year ending  
42 on November thirtieth next preceding.

1 SECTION 2. Chapter ninety of the General Laws,  
2 as amended, is hereby further amended by insert-  
3 ing after section one the following new sections:—

4 *Section 1A.* No motor vehicle or trailer, except  
5 one owned by a person, firm or corporation for  
6 the operation of which security is required to be

7 furnished under section forty-six of chapter one  
8 hundred and fifty-nine, or one owned by any other  
9 corporation subject to the supervision and control  
10 of the department of public utilities or by a street  
11 railway company under public control or by the  
12 commonwealth or any political subdivision thereof,  
13 shall be registered under sections two to five, in-  
14 clusive, unless the application therefor is accom-  
15 panied by a premium charge for the division as  
16 required in section thirty-three A, and the pay-  
17 ment of said premium shall constitute an acceptance  
18 of the provisions of law relative to the division.  
19 The registrar shall, also, accept such premiums  
20 for other forms of motor vehicle insurance, including  
21 extra territorial and excess coverage as may be  
22 fixed by the board and note the receipt of the same  
23 conspicuously upon the certificate of registration  
24 and application blank.

25 *Section 1B.* A person who transfers the owner-  
26 ship of a registered motor vehicle or trailer, owned  
27 by him, to another motor vehicle or trailer, shall  
28 be entitled to the same benefits from the division  
29 without payment of another premium, as under  
30 the original registration, provided, that if a larger  
31 premium is required to be paid to the division for  
32 the second or subsequent vehicle, he shall pay the  
33 difference between the premium paid for the vehicle  
34 previously registered and that required for the  
35 vehicle to which the registration is transferred.

36 *Section 1C.* A person who, before the first day  
37 of July in any year, surrenders his registration  
38 certificate and plates, or transfers the ownership  
39 or loses possession of any vehicle registered in  
40 his name and who does not apply for the registra-

41 tion of another vehicle, but who, on or before the  
42 first day of August in the same year, files in the  
43 office of the registrar a written application for a  
44 rebate accompanied by the certificate of registra-  
45 tion and number plates, shall be entitled to a rebate  
46 of one half the contribution paid to the division  
47 for such vehicle, provided that no such rebate  
48 shall be paid except upon a certificate filed with  
49 the comptroller, setting forth the facts and signed  
50 by the registrar or his authorized agent.

1 SECTION 3. Said chapter ninety is hereby further  
2 amended by striking out section twenty-six and  
3 inserting in the place thereof, the following:—

4 *Section 26.* The operator or owner of every  
5 motor vehicle or trailer involved in an accident  
6 in which any person is killed or injured or property  
7 damaged shall report within twenty-four hours to  
8 the police of the city or town where the accident  
9 happened, if there is an organized police depart-  
10 ment therein. Where there is no organized de-  
11 partment, the report shall be made to the registrar  
12 within forty-eight hours. All reports shall be made  
13 on blank forms furnished by the registrar and  
14 distributed by police officials and shall contain  
15 answers to such questions as the registrar may  
16 deem necessary.

1 SECTION 4. Said chapter ninety is hereby further  
2 amended by inserting after section twenty-nine  
3 the following section:—

4 *Section 29A.* The registrar shall investigate every  
5 accident in which any person is involved who is  
6 insured in the division and the investigators shall

7 file two reports: (1) with the registrar relating  
8 such facts concerning the accident as may aid in  
9 fixing liability and responsibility, (2) with the  
10 board of directors of the company containing a  
11 duplicate of the report made to the registrar and  
12 in addition a detailed account of all material facts  
13 relative to damages or injuries that may have re-  
14 sulted from said accidents. Such proportion of  
15 the expenses for said investigation, including salaries  
16 and expenses of investigators and expenses for  
17 additional employees in the registry of motor  
18 vehicles, as may be determined upon by the board  
19 with the approval of the commissioner, shall be  
20 charged to the funds of the division.

1 SECTION 5. Said chapter ninety is hereby further  
2 amended by inserting after section thirty-one A  
3 the following new section: —

4 *Section 31B.* The board shall make rules and  
5 regulations for the purpose of carrying out the  
6 provisions of law relative to the fund and may alter,  
7 amend, rescind or add to any rules previously made.  
8 The rules and regulations made under this section  
9 or any changes thereto, shall be subject to ap-  
10 proval by the governor and council. The board  
11 may also establish and fix fair and reasonable  
12 classifications of risks and adequate, reasonable  
13 and non-discriminatory premium charges to be  
14 used and charged for extra-territorial and excess  
15 coverage and also for property damage and col-  
16 lision coverage. It may also by regulations, having  
17 the effect of law, establish a form of policy for said  
18 coverages setting forth in full the terms of con-  
19 tract of insurance. Said regulations shall obviate

20 the necessity for issuing written policies. Any  
 21 person electing to enter into a contract of insur-  
 22 ance for extra-territorial, excess, property damage  
 23 or collision coverage, shall be bound by the form  
 24 of policy so established and the provisions con-  
 25 tained therein.

1 SECTION 6. Said chapter ninety is hereby further  
 2 amended by inserting after section thirty-three the  
 3 following new section: —

4 *Section 33A.* The registrar or his authorized  
 5 agent shall collect premium charges for the divi-  
 6 sion on account of personal injury liability as  
 7 follows: —

For every passenger automobile registered before July 1	\$16 00
For every passenger automobile registered after July 1 and before October 1 . . . . .	10 00
For every passenger automobile registered after Octo- ber 1 . . . . .	5 00
For every commercial motor vehicle, trailer, and semi- trailer, or repairman's set of plates registered or issued before July 1 . . . . .	25 00
For every commercial motor vehicle, trailer, and semi- trailer, or repairman's set of plates, registered or issued after July 1 and before October 1 . . . . .	15 00
For every commercial motor vehicle, trailer, and semi- trailer, or repairman's set of plates, registered or issued after October 1 . . . . .	10 00
For every motor vehicle used for carrying passengers for hire registered before July 1 . . . . .	100 00
For every motor vehicle used for carrying passengers for hire registered after July 1 and before October 1 . . . . .	60 00
For every motor vehicle used for carrying passengers for hire registered after October 1 . . . . .	30 00
For every motor cycle registered before July 1 . . . . .	16 00
For every motor cycle registered after July 1 and before October 1 . . . . .	10 00
For every motor cycle registered after October 1 . . . . .	5 00
For every electric or steam passenger automobile regis- tered before July 1 . . . . .	12 00

For every electric or steam passenger automobile registered after July 1 and before October 1 . . . . .	£8 00
For every electric or steam passenger automobile registered after October 1 . . . . .	4 00
For every commercial electric or steam motor vehicle registered before July 1 . . . . .	20 00
For every commercial electric or steam motor vehicle registered after July 1 and before October 1 . . . . .	12 00
For every commercial electric or steam motor vehicle registered after October 1 . . . . .	6 00
For every industrial motor truck, farm tractor, lawn mower or dock truck registered before July 1 . . . . .	5 00
For every industrial motor truck, farm tractor, lawn mower or dock truck registered after July 1 and before October 1 . . . . .	3 00
For every industrial motor truck, farm tractor, lawn mower or dock truck registered after October 1 . . . . .	2 00
For every set of number plates up to and including ten sets issued to a dealer before July 1 . . . . .	16 00
For every set of number plates up to and including ten sets issued to a dealer after July 1 and before October 1 . . . . .	10 00
For every set of number plates up to and including ten sets issued to a dealer after October 1 . . . . .	5 00
For every set of number plates issued to a dealer in excess of ten before July 1 . . . . .	10 00
For every set of number plates issued to a dealer in excess of ten after July 1 . . . . .	5 00
For every motor vehicle registered by a person who makes a business of letting out said cars to be driven by the person hiring it, if registered before July 1 . . . . .	100 00
For every motor vehicle registered by a person who makes a business of letting out said car to be driven by the person hiring it, if registered after July 1 and before October 1 . . . . .	60 00
For every motor vehicle registered by a person who makes a business of letting out said car to be driven by the person hiring it, if registered after October 1 . . . . .	30 00
For every motor vehicle registered by a non-resident under the provisions of section three or section four of chapter ninety of the General Laws . . . . .	5 00

8 The board, from time to time, after due  
 9 hearing and investigation, may modify, alter, or  
 10 revise the above classifications or any part thereof,

11 or increase or decrease the premium charges when-  
12 ever it is deemed proper, expedient or necessary  
13 to secure or maintain fair and reasonable classi-  
14 fications and adequate, just or reasonable charges,  
15 provided that no such order shall apply to the  
16 classifications or premium charges in connection  
17 with the registration of motor vehicles or trailers  
18 for the year in which the order is made. Any  
19 change in the classifications or premiums shall  
20 be filed with the registrar on or before Septem-  
21 ber first of the year when made and shall become  
22 effective with regard to registrations for the suc-  
23 ceeding year or until changed.

1 SECTION 7. Said chapter ninety is hereby amended  
2 by inserting at the end of section thirty-four, as  
3 amended, the following paragraph:—

4 (i) Such portion as is necessary shall be ex-  
5 pended to carry out the provisions of law relative  
6 to the Massachusetts automobile insurance di-  
7 vision.

1 SECTION 8. Said chapter ninety is hereby further  
2 amended by inserting after section thirty-four the  
3 following new sections:—

4 *Section 34A.* The premiums received by the  
5 registrar as provided in section one A and in sec-  
6 tion thirty-three A shall be paid into the treasury  
7 of the commonwealth, and shall be credited on  
8 the books of the commonwealth to the funds of  
9 the division and shall be used to meet the expenses  
10 necessary for administration, including expendi-  
11 tures provided in section twenty-nine A and sec-  
12 tion twenty-nine B. The balance then remaining

13 shall be used to carry out the provisions of law  
14 relative to said division. If the premiums col-  
15 lected during any one year produce a larger revenue  
16 than is necessary for the purpose of carrying out  
17 the said provisions of law including the setting up  
18 of necessary reserves and a reasonable surplus,  
19 such excess shall be paid into the Highway Fund.  
20 If the premiums so collected fail to produce a suf-  
21 ficient revenue, such additional sum or sums as  
22 may be necessary for that purpose shall be pro-  
23 vided from the Highway Fund.

24 *Section 34B.* A person paying a premium to  
25 the division as required by section thirty-three A  
26 shall be deemed to have entered into a contract  
27 of insurance with the board whereby the said board  
28 agrees to indemnify the registrant, or any person  
29 responsible for the operation of the motor vehicle  
30 or trailer, described in the certificate of registration,  
31 with his express or implied consent, against loss by  
32 reason of the liability to pay damages to others for  
33 bodily injuries, including death, at any time resulting  
34 therefrom sustained during the term of the contract  
35 by any person other than the employees of the  
36 registrant or of any such other persons responsible  
37 as aforesaid who are entitled to payments or bene-  
38 fits under the provisions of chapter one hundred  
39 and fifty-two of the General Laws, and arising  
40 out of the ownership, operation, maintenance, con-  
41 trol, or use, upon the ways of the commonwealth  
42 of Massachusetts, of such motor vehicle or trailer,  
43 to the amount or limit of five thousand dollars, on  
44 account of injury to or death of any one person, and  
45 subject to such limits as respects injury to or death  
46 of one person, of ten thousand dollars, on account

47 of any one accident resulting in injury to, or death  
48 of more than one person. The contract of in-  
49 surance shall terminate upon the expiration of  
50 the certificate of registration or upon the revoca-  
51 tion or suspension of the certificate of registration,  
52 with reference to accidents occurring after said  
53 expiration, revocation, or suspension, but shall  
54 again be in full force and effect upon the rescis-  
55 sion of the revocation and reinstatement of the  
56 certificate of registration, with reference to acci-  
57 dents occurring after reinstatement.

58 *Section 34C.* The board shall defend, or may  
59 settle in the name and on behalf of the assured,  
60 any claims, suits, or other legal proceedings alleg-  
61 ing injuries and demanding damages on account  
62 thereof, and shall also pay all expenses for inves-  
63 tigation, negotiations for settlement or defense of  
64 any claims for injuries and of suits or legal proceed-  
65 ings arising therefrom; any expense incurred by the  
66 assured for such immediate medical or surgical relief  
67 as shall be imperative at the time any such injuries  
68 are sustained; all costs taxed against the assured  
69 in any such proceedings, and all interest accruing  
70 before or after entry of judgment and up to the  
71 date of payment, tender or deposit in the court  
72 by the board of the division's share of any judg-  
73 ment. Any person who is insured by the division  
74 and who settles any claim made against him which  
75 is covered by the division without the written con-  
76 sent of a member of the board, shall forfeit any  
77 right to be indemnified by the division.

78 *Section 34D.* The division shall be subrogated  
79 in case of any payment under this chapter to the  
80 extent of such payment, to all rights of recovery

81 therefor of the assured or any other person claim-  
82 ing hereunder, against persons, corporations, asso-  
83 ciations or estates, and the assured or any other  
84 person claiming hereunder shall execute all papers  
85 required and shall co-operate with the board to  
86 secure whatever rights the division may have.

87 *Section 34E.* A judgment creditor of any person  
88 insured by the division, whose judgment is not  
89 satisfied at the expiration of thirty days after its  
90 rendition either by the division or the judgment  
91 debtor, may bring a bill in equity under clause ten  
92 of section three of chapter two hundred and four-  
93 teen of the General Laws to enforce payment by  
94 the division within the limits fixed by section thirty-  
95 four B. Process in such suit shall be served on  
96 any member of the board or the secretary and any  
97 execution issued thereon shall be paid by the state  
98 treasurer out of the money belonging to the divi-  
99 sion upon presentation to him of a certified copy  
100 of the execution. No member of the board shall  
101 be personally liable for any claim against the divi-  
102 sion or any person insured by it.

103 *Section 34F.* The board shall file annually with  
104 the insurance commissioner a report showing assets  
105 and liabilities computed on the same basis as assets  
106 and liabilities of insurance companies so far as  
107 applicable, and the division may be examined at  
108 any time by the insurance commissioner as provided  
109 in section four of chapter one hundred and seventy-  
110 five for the examination of domestic insurance  
111 companies.

112 *Section 34G.* Actions of tort for personal in-  
113 juries or death against persons insured by the divi-  
114 sion shall be commenced only within one year from

115 the date of the accident and equity suits against  
116 the division by judgment creditors of such persons  
117 shall be brought only within one year after rendi-  
118 tion of judgment.

1 SECTION 9. There is hereby imposed an addi-  
2 tional excise tax of one cent on each gallon of fuel,  
3 as defined in section one of chapter sixty-four A  
4 of the General Laws, sold in the commonwealth  
5 on and after the first day of May of the year nine-  
6 teen hundred and thirty-three, the same to be  
7 levied and collected and the proceeds thereof dis-  
8 posed of, as provided in chapter sixty-four A, and  
9 the provisions of said chapter shall apply to said  
10 additional excise to the same extent as to the nor-  
11 mal excise levied thereunder.

1 SECTION 10. This act shall take effect upon its  
2 passage but shall not authorize the collection of  
3 premiums in connection with the registration of  
4 motor vehicles which become effective prior to  
5 the first day of January, nineteen hundred and  
6 thirty-three.