

# HOUSE . . . . . No. 108

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## The Commonwealth of Massachusetts

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DEPARTMENT OF BANKING AND INSURANCE  
DIVISION OF INSURANCE  
LEVERETT SALTONSTALL BUILDING, GOVERNMENT CENTER  
100 CAMBRIDGE STREET, BOSTON 02202, OCTOBER 31, 1972

Honorable John F. X. Davoren, *Secretary of the Commonwealth*,  
State House, Boston, Massachusetts

DEAR MR. SECRETARY: — In accordance with the provisions of sections 33 and 33A of chapter 30 of the General Laws, as amended, recommendations for legislation are submitted, accompanied by drafts of bills embodying the legislation recommended for consideration of the General Court.

Very truly yours,

JOHN G. RYAN,  
*Commissioner of Insurance.*

## RECOMMENDATIONS

1. AN ACT FURTHER REGULATING THE CONTENTS OF ACCIDENT AND SICKNESS POLICIES AND REGULATING ADVERTISING OF SUCH POLICIES.

This proposed act would enlarge the powers of the Commissioner with respect to accident and sickness policies and their sales promotion. The sale of such coverages has grown tremendously in the past year. And much of what is sold has little real economic value to consumers. Added control over ads, sales promotion and policy provisions is a clear need.

2. AN ACT MODIFYING PROPERTY PROTECTION INSURANCE, PROVIDING FOR NEW APPEAL PROCEDURES IN THE EVENT OF CANCELLATION OF AUTO INSURANCE, PROVIDING FOR THE INSTALLMENT PAYMENT OF PREMIUMS AND ELIMINATING THE PENALTY FOR ACCIDENT INVOLVEMENT.

Though much good has been accomplished by no-fault auto insurance, more needs to be done. This act will allow full coverage for damage to cars at the insured's option. Many consumers object to the mandatory nature of the present deductible. They should have a choice. The proposed act also institutes new procedures for appeal of cancellations and new rights to renew. It will also set up a plan for the installment payment of premiums.

3. AN ACT TO FURTHER REGULATE INSURANCE RATES SUBJECT TO THE APPROVAL OF THE COMMISSIONER OF INSURANCE.

At present insurance companies may simply file and use rates they deem proper for a large number of coverages. The Commissioner of Insurance cannot effectively prevent improper rates from taking effect. Instead his authority is limited to a review after they are used. And, no action of the Commissioner of Insurance, can affect policies issued in the interim. The proposed act would require advance filing of rates to give the Division a reasonable opportunity to examine the reason underlying changes.

4. AN ACT TO PERMIT THE GROUP SALE OF PROPERTY AND LIABILITY INSURANCE.

Substantial savings in sales and administrative expenses can be gained by permitting auto insurance and other coverages to be sold on a group basis. There is doubt in some quarters as to whether present law permits such selling techniques. The proposed act would permit such methods subject to reasonable controls.

5. AN ACT FURTHER REGULATING THE CANCELLATION OF PROPERTY INSURANCE AND PROVIDING FOR NOTICE OF NON-RENEWAL.

One constant source of public irritation is what appears to be arbitrary cancellation of homeowner, fire policies, etc. The proposed act would create expanded rights to continuance of coverage after a reasonable underwriting period and furnish the Division with data on the extent of non-renewals.

6. AN ACT FURTHER REGULATING THE SALES PRACTICES OF INSURANCE AGENTS AND BROKERS.

Failures of agents and brokers to disclose restrictions on their authority and the rolling-on of unneeded coverages rank as a serious consumer abuse. The proposed act would strengthen control over these practices.

7. AN ACT RELATIVE TO PERSONAL INJURY PROTECTION BENEFITS.

Significant further savings for the no-fault auto insurance system can be achieved by individuals if they give up the present right they have to collect duplicate benefits from their auto insurance and their health insurance. As the law now stands the choice is left to the individual. Experience indicates that buyers are being encouraged to waste premiums by duplicate coverage. The proposed act would make health insurance primary. It would drastically reduce costs to consumers.

8. AN ACT FURTHER REGULATING THE ACTIVITIES OF INSURANCE AGENTS, BROKERS, SPECIAL BROKERS, ADVISORS AND ADJUSTORS.

Enforcement of laws regulating licenses has recently been thwarted by refusals to allow Division examiners access to records. In addition, licensed employees of offending licensees have escaped enforcement procedures because of their positions as employees. The proposed act would clarify the law in this regard to the benefit of the public.

9. AN ACT EXTENDING THE AUTHORITY OF THE COMMISSIONER OF INSURANCE.

At present the Commissioner does not have adequate regulation making authority to deal effectively with new developments in the insurance business and sales methods. The proposed act would add rule making and interpretative powers that are in keeping with the authority given commissioners in other states.

10. AN ACT FURTHER REGULATING THE CANCELLATION OF AUTOMOBILE INSURANCE.

Insurance companies have issued notices of cancellation of auto policies for non-payment of premiums in many instances where the alleged non-payment has been insignificant amounts, sometimes as low as two dollars. The act seeks to advise an insured of the amount of premium still outstanding on a policy for which he has not paid the full amount before such policy may be cancelled by the company. The legislation also imposes the same obligations of notice upon the company that are imposed by statute for notice of cancellation.