

By Mr. Flynn of Boston, petition of Raymond L. Flynn for legislation to further regulate the cancellation of property insurance and providing for notice of non-renewal. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Eight.

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

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 99 of chapter 175 of the General Laws is hereby
2 amended by striking out the thirteenth paragraph of clause twelve
3 and inserting in place thereof the following new paragraph: — This
4 policy shall be cancelled at any time at the request of the insured, in
5 which case this company, shall upon demand and surrender of this
6 policy, refund the excess of paid premium above the customary
7 short rates for the expired time. This policy may be cancelled by
8 this company by giving to the insured and to any mortgagee to
9 whom this policy is payable twenty days' written notice of
10 cancellation with or without tender of the excess paid premium
11 above the pro rata premium for the expired time, which excess, if
12 not tendered, shall be refunded on demand. Notice of cancellation
13 shall state that said excess premium (if not tendered) will be
14 refunded on demand and shall state or be accompanied by a
15 statement of the specific reasons for such cancellation. After this
16 policy has been in effect for sixty days, no notice of cancellation
17 shall be effective unless it is based on the occurrence, after the
18 effective date of the policy, of one or more of the following: (1)
19 non-payment of premium; (2) conviction of a crime arising out of
20 acts increasing the hazard insured against; (3) discovery of fraud or
21 material misrepresentation by the insured in obtaining the policy;
22 (4) discovery of willful or reckless acts or omissions by the insured
23 increasing the hazard insured against; (5) physical changes in the
24 property insured which result in the property becoming unin-
25 surable; or (6) a determination by the commissioner that

26 continuation of the policy would violate or place the insurer in
27 violation of the law. Where the stated reason is non-payment of
28 premium, the insured may continue the coverage and avoid the
29 effect of the cancellation by payment within fifteen days of his
30 receipt of the notice of cancellation.