

By Mr. LaFontaine of Gardner, petition of Raymond M. LaFontaine relative to commissions paid to independent insurance agents and brokers. Insurance.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO COMMISSIONS PAID TO INDEPENDENT AGENTS AND BROKERS.

1 *Whereas*, the deferred operation of this act would tend to defeat
2 its purpose, which is, in part, to provide agents and brokers with
3 protection of their expense premium commissions, therefore it is
4 declared to be an emergency law, necessary for the immediate
5 preservation of the public convenience.

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 162D of chapter 175 of the General Laws, as most
2 recently amended by chapter 398 of the acts of 1980, is hereby
3 further amended by adding the following paragraph:—

4 Any filing of rates for insurance to which chapter one hundred
5 seventy-five E is applicable which is made by any insurer doing
6 business through independent licensed insurance agents pursuant
7 to the so-called American Agency System shall specify the amount
8 which said insurer shall pay to said agents and brokers as fair and
9 reasonable expense premium commission for motor vehicle poli-
10 cies or bonds, as defined in sections thirty-four A and thirty-four O
11 of chapter ninety, subject to such rates. Said insurer's expense
12 premium commission arrangements shall guarantee that the total
13 amount paid to all such agents and brokers under said policies or
14 bonds placed with the insurer during the period such rates are in
15 effect shall, in the aggregate, total the amounts of expense premi-

16 um commission applicable to all such policies or bonds. No por-
17 tion of the expense premium commission shall be considered as
18 profit sharing or expense reimbursement. The commission shall
19 require appropriate reports from such insurers in order to insure
20 compliance with the requirements of this paragraph. Nothing in
21 this act shall prevent any insurer from paying compensation to its
22 agents above that specified in its filing. For policies or bonds
23 effective pursuant to this paragraph, the amount paid in com-
24 pliance hereto shall not be less than the expense premium commis-
25 sion established by the commissioner in his opinion, findings and
26 decision on 1980 automobile insurance rates, subject to trended
27 increases based on the Data Resources, Inc. private non-farm wage
28 and price indices.