

By Mr. Lewis, a petition (accompanied by bill, Senate, No. 841) of Arthur Joseph Lewis, Jr., for legislation to establish a joint underwriting association for the sale of motor vehicle insurance. Insurance.

## The Commonwealth of Massachusetts

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

### AN ACT ESTABLISHING A JOINT UNDERWRITING ASSOCIATION FOR THE SALE 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 175 of the General Laws is hereby  
2 amended by deleting section 113H, as most recently amended  
3 by section 16 of chapter 266 of the acts of 1976, and inserting,  
4 in place thereof the following section: —

5 *Section 113H.* A joint underwriting association consisting  
6 of all insurance companies undertaking to issue motor vehicle  
7 liability policies or bonds, both as defined in section thirty-  
8 four A of chapter ninety, is hereby established. Every such  
9 insurer shall be a member of the association and shall remain  
10 a member as a condition of its authority to continue to trans-  
11 act such kind of insurance within the Commonwealth.

12 A plan for the operation of the association shall be prepared  
13 and administered by a governing committee appointed by the  
14 Commissioner consisting of six directors representing insur-  
15 ance companies which individually write more than three per-  
16 cent of all motor vehicle policies or bonds written in the Com-  
17 monwealth, three directors representing insurance companies  
18 which write three percent or less of said motor vehicle poli-  
19 cies or bonds, and six directors representing agents' associa-  
20 tions.

21 The plan shall provide for the fair and equitable sharing of  
22 risks or the fair and equitable apportionment of premiums,  
23 losses, or expenses or any combination thereof among the  
24 members of the association. It shall provide for the issuance  
25 of reasonable and necessary insurance coverage to those ap-

26 plicants for motor vehicle policies or bonds who are not able  
27 to procure such coverage by ordinary means. The plan may  
28 provide for the appointment of agents or brokers to issue such  
29 coverage and may establish a schedule for their reasonable  
30 compensation.

31 The plan may also provide for necessary standards to con-  
32 trol fraudulent practices and may establish fair and reasonable  
33 underwriting criteria for the acceptance of risks.

34 The association shall file rates and rating plans pursuant to  
35 the provisions of section seven of chapter one hundred and  
36 seventy-five E which shall be based on the association's loss  
37 and expense experience.

1 SECTION 2. This act will become effective on July 1, 1981.