

By Ms. Melconian, a petition (accompanied by bill, Senate, No. 776) of Linda J. Melconian and John P. Burke for legislation relative to the cancellation and non-renewal of certain insurance policies. Insurance.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO THE CANCELLATION AND NON-RENEWAL OF CERTAIN INSURANCE POLICIES.

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

1 Chapter 175 of the General Laws is hereby amended by
2 striking out section 193P, as added by section 2 of chapter 378
3 of the acts of 1973, and inserting in place thereof the following
4 sections: —

5 Section 193P. (A) Except as otherwise specifically provided in
6 this chapter, no policy issued by licensed insurers or approved
7 but non-admitted insurers providing coverage for risks including,
8 without limiting the generality of the foregoing, general liability,
9 protection against loss by reason of fire to a dwelling or contents
10 thereof, coverage for the payment of workers' compensation
11 benefits, coverage for buildings, and coverage for commercial
12 automobile insurance shall be issued unless it contains a provi-
13 sion that the policy shall be cancelled at any time at the request of
14 the insured, in which case, the insurer shall, upon demand and
15 surrender of the policy, refund the excess of paid premiums above
16 the customary short rates for the expired time. This policy may
17 be cancelled at any time by the insurer by giving to the insured a
18 thirty-day written notice of cancellation with tender of the excess
19 of paid premium above the pro-rata premium for the expired
20 time. After this policy has been in effect for sixty days, no notice
21 of cancellation shall be effective unless it is based on the occur-
22 rence, after the effective date of the policy, of one or more of the

23 following: (1) non-payment of premium; (2) conviction of a crime
24 arising out of acts increasing the hazard insured against; (3) dis-
25 covery of fraud or material misrepresentation by the insured in
26 obtaining the policy; (4) discovery of willful or reckless acts or
27 omissions by the insured increasing the hazard insured against;
28 (5) physical changes in the property insured which result in the
29 property becoming uninsurable; or (6) a determination by the
30 commissioner that continuation of the policy would violate or
31 place the insurer in violation of the law. Where the stated reasons
32 is non-payment of premium, the insured may continue the cov-
33 erage and avoid the effect of the cancellation by payment at any
34 time prior to the effective date of cancellation.

35 (B) No insurer licensed to do business in the commonwealth or
36 approved and non-admitted insurers shall refuse to renew a
37 policy, as described in clause (A) unless such insurer gives written
38 notice of its intent not to renew or reissue a policy to the insured
39 at least forty-five days prior to the expiration of the policy which
40 notice shall state or be accompanied by a writing stating the
41 specific reasons for such decision. A copy of any such notice shall
42 be forwarded to the commissioner. The notice so required shall,
43 except as hereinafter provided, be sent or delivered either to the
44 named insured at the mailing address shown in the policy or to
45 the insurance agent of the company or the insurance broker who
46 negotiated the issuance of the policy. If the policy was executed
47 on behalf of the company, in whole or in part, by or on behalf of
48 an insurance agent or broker of the company such notice shall be
49 sent to such insurance agent or broker. Every such insurance
50 agent or broker receiving such notice shall, within fifteen days of
51 its receipt, send a copy to the insured or the principal unless such
52 agent or broker has replaced the insurance. Any company which
53 fails to send such notice or which sends such notice and subse-
54 quently renews such policy, shall recognize the agent or broker
55 designated by the insured in the same manner as provided by any
56 contract, custom, or usage then in effect between such agent or
57 broker and such company.

58 (C) Insurers licensed to do business in the commonwealth or
59 approved and non-admitted insurers intending to renew policies,
60 as described in clause (A) shall provide to the insured a renewal
61 premium quotation not less than forty-five days in advance of the

62 expiration date. Said renewal premium quotation shall contain
63 any changes made by the insurer to the insuring conditions upon
64 which said renewal is contingent. Any changes made by the
65 insured to the insuring condition of the policy shall be received by
66 the insurer no less than sixty days in advance of the expiration for
67 the purposes of the renewal premium quotation. Failure of the
68 insurer or its agent to provide the insured with the required notice
69 of nonrenewal or premium billing shall entitle the insured to:
70 (1) renewal of the policy for a term of not less than one year, and
71 (2) the privilege of pro-rata cancellation at the lower of the cur-
72 rent or previous year rates if exercised by the insured within sixty
73 days from the date such notice should have been mailed or deliv-
74 ered as provided in clause (A) or (B). Renewal of a policy shall
75 not constitute a waiver or estoppel with respect to grounds for
76 cancellation which existed before the effective date of such
77 renewal.

78 (D) Insurers licensed to do business in the commonwealth or
79 approved and non-admitted insurers desiring to withdraw from a
80 particular product or line of insurance shall arrange reinsurance
81 or retain all policyholders until the policy expiration date.

