

By Mr. Serra of Boston, petition of Emanuel G. Serra for legislation to reform the automobile insurance laws of the Commonwealth. Insurance.

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**The Commonwealth of Massachusetts**

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In the Year One Thousand Nine Hundred and Ninety-One.

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AN ACT RELATIVE TO REFORMING THE AUTOMOBILE INSURANCE LAWS OF THE COMMONWEALTH.

*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. Section 13 of Chapter 6A of the General Laws  
2 as appearing in the 1984 Official Edition is hereby amended by  
3 adding after it the following new section:

4 Section 13A. There shall be established within the executive  
5 office of consumer affairs and business regulation, a safety repair  
6 board, hereinafter called the board, for purposes of preparing,  
7 adopting and making available to auto damage appraisers,  
8 insurers issuing liability bonds or policies pursuant to Section 34A  
9 of Chapter 90 and members of the public, rules and regulations  
10 having to do with the use of used versus new parts in the repair  
11 of damaged motor vehicles. Said board shall consist of three  
12 members appointed by the executive secretary, one of whom shall  
13 be a member of the motor vehicle damage appraisers board  
14 established pursuant to Section 8F of Chapter 26 affiliated with  
15 the autobody repair industry, one of whom shall be a  
16 representative of an insurance company writing property and  
17 casualty insurance within the Commonwealth and consumer  
18 member, the Commissioner of Insurance or his designee and the  
19 Commissioner of Public Safety or his designee. The executive  
20 secretary shall appoint the chairman.

21 The board may employ such technical and clerical assistants  
22 as may be necessary to fulfill the responsibilities of this section.

23 The board shall avail themselves of all data having to do with  
24 the latest developments in auto body repair, the correlating safety  
25 factors and the subsequent cost analysis. The board shall also  
26 promulgate guidelines for use by the property and casualty  
27 insurance industry and the auto repair industry in the use of used  
28 versus new parts.

29 The board shall report its findings on an annual basis to the  
30 executive secretary who shall make them available to the public.

1 SECTION 2. Section 113B of Chapter 175 of the General Laws  
2 as appearing in the 1984 Official Edition is hereby amended by  
3 inserting after the twelfth paragraph the following new  
4 paragraphs:

5 In so fixing and establishing premium charges to be used and  
6 charged in accordance with the provisions of this section, the  
7 commissioner shall consider, in establishing said rates, the results  
8 of the closed claim study conducted pursuant to Section 113H of  
9 Chapter 175.

10 In so fixing and establishing premium charges in accordance  
11 with the provisions of this section, the commissioner shall  
12 distribute all components of the ratemaking process, including the  
13 deficit of the plan established under Section 113H of Chapter 175,  
14 among the rating territories in strict proportion to the claim  
15 frequency, volume and underwriting loss rates of the rating  
16 territories.

1 SECTION 3. Section 113H of Chapter 175 of the General  
2 Laws as appearing in the 1984 Official Edition is hereby amended  
3 by inserting after the fourteenth paragraph the following new  
4 paragraph:

5 In appointing a statistical agent, the commissioner shall require,  
6 in addition to all other duties and responsibilities, that the  
7 statistical agent oversee and conduct a closed claim study so-  
8 called. In addition, to any other information that the  
9 commissioner may require that said study shall include the  
10 following: the number of claims filed in a particular year, the  
11 number of lawsuits filed in said year, the number and average  
12 dollar amount granted in court tried cases in said year, the number  
13 and dollar amount granted in out of court settlements in said year,

14 the number of claims closed in said year and the number of claims  
15 closed without payment in said year.

16 In the first year after the effective date of this act, the statistical  
17 agent shall undertake a closed claim study, so-called, for the five  
18 years immediately prior to the effective date of this act. In each  
19 succeeding year after the effective date of this act the statistical  
20 agent shall conduct a claim study for the year immediately prior.

21 The results of said closed claim study shall be made available  
22 to intervening parties in the rate making process and to any other  
23 interested member of the public.

1 SECTION 4. Section 4 of Chapter 175E of the General Laws  
2 appearing in the 1984 Official Edition is hereby amended by  
3 inserting after the first sentence of the second paragraph of  
4 subsection (d) the following new sentence: For premium charges  
5 in accordance with this section, the commissioner shall establish  
6 that each territory reflects its own past and prospective loss  
7 experience of any other territory.

1 SECTION 5. Section 11 of Chapter 175E, as appearing in the  
2 1984 Official Edition is hereby further amended by adding after  
3 the first sentence, the following new sentence: Said guide shall  
4 include a detailed provision stating the policy with regard to the  
5 subject of "new" versus "used" parts in the repair of damaged  
6 motor vehicles. Said provision shall reference the safety guidelines  
7 and standards promulgated by the Safety Repair Board as  
8 established pursuant to Section 13A of Chapter 6A. Said guide  
9 shall also make note of the correlation of savings incurred as a  
10 result of the inclusion of used parts in the repair of the vehicle.

1 SECTION 6. Notwithstanding any general or special law to  
2 the contrary, motor vehicle insurance coverage as defined in  
3 Section 113O of Chapter 175 and those optional coverages  
4 described in Section 340 of Chapter 90 shall not be subject to the  
5 provisions of Section 5 of chapter 175E of the General Laws.

6 The provisions of this section shall take effect for policies issued  
7 to become effective January 1, 1989 and thereafter through  
8 policies issued to become effective December 31, 1994.

