

By Mr. Mofenson of Newton, petition of David J. Mofenson and Thomas G. Simons for legislation to restrict the cancellation and renewal of certain insurance policies. Insurance.

The Commonwealth of Massachusetts

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

AN ACT RESTRICTING THE CANCELLATION AND 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 in-
2 serting after section 22H the following new section: —

3 *Section 22I. (1)* This section shall apply to policies of insur-
4 ance, other than motor vehicle insurance, on risks located or
5 resident in this state which are issued and take effect or which
6 are renewed after September first, nineteen hundred and seventy-
7 two and insuring any of the following contingencies:

8 (a) loss of or damage to real property used predominantly for
9 residential purposes, other than hotels and motels;

10 (b) loss of or damage to personal property in which natural
11 persons have an insurable interest, except personal property used
12 in the conduct of a commercial or industrial enterprise;

13 (c) legal liability for loss of, damage to or injury to persons or
14 property, not arising from the conduct of a commercial or indus-
15 trial enterprise.

16 (2) After such policy has been in effect for sixty days or, if
17 the policy is a renewal, effective immediately, no notice of can-
18 cellation shall be effective unless it is based on the occurrence,
19 after the effective date of the policy, of one or more of the
20 following:

21 (a) non-payment of premium;

22 (b) conviction of a crime arising out of acts increasing the
23 hazard insured against;

24 (c) discovery of fraud or material misrepresentation;

25 (d) discovery of wilful or reckless acts or omissions increasing
26 the hazard insured against;

27 (e) physical changes in the property insured which result in
28 the property becoming uninsurable; or

29 (f) a determination by the Commissioner that the continua-
30 tion of the policy would violate or would place the insurer in
31 violation of this chapter.

32 (3) All notices of cancellation shall be in writing, mailed to
33 the named insured at the address shown in the policy, and shall
34 state (i) which of the grounds set forth in subdivision two is
35 relied upon and (ii) that, upon written request of the named
36 insured, the insurer will furnish the facts on which the cancella-
37 tion is based.

38 (4) Unless the insurer at least forty-five days in advance of
39 the end of the policy period mails or delivers to the named
40 insured at the address shown in the policy notice of its intention
41 not to renew the policy or to condition its renewal upon reduc-
42 tion of limits or elimination of coverages, the named insured shall
43 be entitled to renew the policy upon payment of the premium
44 due on the effective date of the renewal. Any policy written for a
45 term of less than one year shall be considered as if written for a
46 term of one year. Any policy written for a term longer than one
47 year or any policy with no fixed expiration date shall be con-
48 sidered as if written for successive policy periods or terms of one
49 year.

50 (5) (a) There shall be no liability on the part of and no
51 cause of action of any nature shall arise against any insurer or its
52 authorized representatives, agents or employees, or any licensed
53 insurance agent or broker for any statement made, unless shown
54 to have been made in bad faith with malice in fact, by any of
55 them in (i) any written notice of cancellation or in any other oral
56 or written communication specifying the reasons for cancel-
57 lation; (ii) any communication providing information pertaining
58 to such cancellation; or (iii) evidence submitted at any hearing
59 conducted in connection with such cancellation.

60 (b) Proof of mailing of a notice of cancellation and the
61 reasons therefor or of intention not to renew the named insured
62 at the address shown in the policy shall be sufficient proof of the
63 notice required by this section.