

By Mr. Pellegrini, a petition of Philibert L. Pellegrini for legislation to establish a board of arbitration in the Division of Insurance to hear and rule upon the termination or cancellation of producer contracts with an insurance company. Insurance.

The Commonwealth of Massachusetts

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

AN ACT ESTABLISHING A BOARD OF ARBITRATION IN THE DIVISION OF INSURANCE TO HEAR AND RULE UPON THE TERMINATION OR CANCELLATION OF PRODUCER CONTRACTS WITH AN INSURANCE COMPANY.

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 26 of the General Laws is hereby amended by in-
 2 serting after section 8B the following section: —
 3 *Section 8C.* There shall be in the division of insurance a
 4 board of arbitration, hereinafter called the board, consisting
 5 of the commissioner of insurance or his designee, who shall
 6 be the chairman of the board, and four members to be ap-
 7 pointed by the commissioner to serve until replaced by a suc-
 8 cessor appointee. Two shall be officers of different insurance
 9 companies licensed in the commonwealth and doing business
 10 on an agency system, as that term is used and understood in
 11 the insurance business as distinguished from doing business on
 12 a direct basis; and two shall be licensed insurance agents or
 13 brokers, hereinafter called producers, in the commonwealth.
 14 The board shall have the authority to hear and rule upon
 15 any controversy relating to the termination or cancellation
 16 of a contract between an insurance company and a producer
 17 insofar as such termination or cancellation affects the renewal,
 18 continuation or replacement of any policy of insurance re-
 19 quiring the approval of the commissioner, or the service ren-
 20 dered policyholders placed with the company through the
 21 efforts of the producer.

22 No member of the board shall act or vote upon any matter
23 as to which he is a party or has a private right or interest. A
24 majority of the board shall constitute a quorum to conduct
25 hearings. The commissioner may assign such assistants from
26 the officers and employees of the division of insurance as he
27 may from time to time determine to investigate and report
28 the facts surrounding the controversy that is to be the sub-
29 ject of a hearing. Members of the board shall receive their
30 traveling and other necessary expenses incurred in the per-
31 formance of their duties.

32 In the event of a controversy for the reasons set forth
33 herein, the board shall, upon the signed application of either
34 or both parties, which application shall identify the other
35 party to the dispute, contain a concise statement of the issues
36 to be presented for hearing and the relief requested that would
37 best serve the public interest in the circumstances, establish
38 a date for hearing at which all interested parties, including any
39 policyholder placed by the producer with the company, may
40 appear to advise the board how best to adjust the said con-
41 troversy. The board shall render a written decision which
42 shall be filed with the commissioner, be open to public inspec-
43 tion, and published in the various newspapers in the common-
44 wealth as the board may determine. The decision shall be
45 binding upon the parties for six months, unless by agreement
46 of the parties, a shorter period is stipulated in which event the
47 decision of the board will be binding for the period time agreed
48 upon by the parties.

49 The board may make such rules and regulations with re-
50 spect to the conduct of its business, not inconsistent with
51 chapter thirty A, as it deems necessary to perform its duties
52 under this section.