HOUSE . . . . . No. 3934

By Mr. Brett of Boston, petition of James T. Brett, W. Paul White and John H. Rogers for legislation to rquire insurance companies to file certain coverage disclosure data with the Commissioner of Insurance. Insurance.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO INSURANCE COVERAGE DISCLOSURE.

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

SECTION 1. Chapter 175 of the General Laws, as appearing in the 1992 Official Edition, is hereby amended by inserting after Section 4, the following new section: —

Section 4A. Insurance companies licensed by the State of Massachusetts shall file annually with the Commissioner of Insurance a Disclosure Report which discloses by county and census tract, or by county in rural areas without census tracts, the following information: the number of policies sold and dollar amounts of premiums collected in the Commonwealth for each line of insurance during the previous year; the number of claims and the dollar amount of claims paid for each line of insurance; the number and dollar amount of policies for each line of insurance which the insurer received a completed application; the number and dollar amount of policies for each line of insurance for which the insurer received an application and which were not issued; the number and dollar amount for each line of insurance which were renewed and which were not renewed; and the number and dollar amount for each line of insurance which were cancelled by the insurer. Each company will disclose the number of agents of such insurer whose principal place of business is located in each census tract or county; whether each agent is an employee, independent contractor working exclusively for such insurer, or an independent contractor working on a nonexclusive

24 basis; and the number of agents of such insurer whose principal
25 place of business was located in each census tract or county but
26 was relocated outside that area or whose agency was terminated.
27 With respect to insurance and applications for which informa-
28 tion is required to be maintained and made available under the
29 previous section, the following information shall be maintained
30 and made available for each policy and each completed applica-
31 tion: the census tract or county for which such insurance is issued
32 or requested, the insurer who issued such insurance or to whom
33 the application was made; the date of issuance of such insurance;
34 the line, subline, or class or such insurance; the amount of cov-
35 erage provided under such insurance and any applicable
36 deductible; the amount of premiums for such insurance; the dura-
37 tions of such insurance; the gender and racial characteristics of the
38 applicants for such insurance; and whether such insurance was
39 issued in a voluntary or residual market. Each company will dis-
40 close the date of and specific reasons for denying an application
41 for insurance or for canceling or not renewing a policy in force.
42 For claims made with respect to property insurance, each com-
43 pany will disclose for each line of insurance in a census tract or
44 county the market value of the property insured and type and use
45 of the property insured, which types and uses shall include: prop-
46 erties consisting of one to four dwelling units; properties con-
47 sisting of more than four dwelling units; owner-occupied
48 properties: rental properties; and vacant properties. Each company
49 will disclose the standards and criteria used in underwriting each
50 line of insurance.
51 This data must be disclosed for each calendar year and shall be
52 publicly available at the insurance company by March 31 of each
53 year. Copies of this information must be provided upon request.
54 A reasonable fee may be charged for the cost of copying.
55 One copy of the Disclosure Report shall be filed with the
56 Division of Insurance by March 31 of each year. The Division of
57 Insurance will maintain organized files of the disclosure informa-
58 tion available to the public in its main office. The Division of
59 Insurance shall make the information available to the public for
60 review and copying at their office during normal business hours.

SECTION 2. Chapter 175, as so appearing, is further amended by adding the following section: —

Section 4B. In fixing and establishing premium charges, every insurance company selling property and casualty insurance in the Commonwealth, including the Massachusetts Property Insurance Underwriting Association, is required to provide appropriate percentage reductions for policies written to those homeowners who meet one or more of the following criteria or other criteria as defined by the Commissioner of Insurance which designate homeowners as a lower risk: nonsmoking; living in homes protected by security systems; participating in neighborhood crime watches; participating in neighborhood or homeowner safety programs; or participating in home maintenance programs. The Commissioner of Insurance shall develop regulations setting the appropriate percentage reductions in premium charges for qualified homeowners based on the number of criteria met, anticipated loss recovery, and consistent with safe and sound practices of the industry.

SECTION 3. Chapter 175, as so appearing, is further amended by adding the following section: —

Section 4C. Foreign insurers, as a requirement for conducting business in the Commonwealth of Massachusetts, must apply with the Commissioner to obtain a license to serve as a direct insurer or reinsurer. The application will include financial statements, value of assets and liabilities, and capital reserves. This information will be examined by the Commissioner to determine whether such insurers are operating within an acceptable level of safety and soundness and with adequate capitalization. An applicant found to meet minimum standards of financial responsibility, integrity, and general fitness, established by the Commissioner, will be granted a license to operate as an insurer in the Commonwealth. An applicant denied a license to operate may appeal the decision within thirty days to superior court. Certified foreign insurers will be required for each calendar year, to disclose, by county and census tract, information about the type, number, and dollar amount of insurance policies sold in the Commonwealth.