

By Mr. Pickett of Somerville, petition of William A. Pickett relative to the group marketing of automobile and homeowners insurance. Insurance.

The Commonwealth of Massachusetts

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

AN ACT TO CLARIFY LEGISLATIVE INTENT AND TO FURTHER REGULATE THE GROUP MARKETING OF AUTOMOBILE AND HOMEOWNERS INSURANCE.

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 193R of Chapter 175 of the General
2 Laws is hereby amended by deleting the second paragraph of said
3 section which defines "Group Marketing Plan", "Mass Merchan-
4 dising" or "Mass Merchandising Plan" and substituting in its
5 place the following definition:

6 "Group Marketing", "Group Marketing Plan", "Mass
7 Merchandising", "Mass Merchandising Plan", shall all have
8 equivalent meaning and shall mean any system, design or plan
9 whereby motor vehicle or homeowner insurance is afforded to
10 employees of any employer, or to members of a trade union,
11 association, or organization has agreed to or in any way affiliated
12 itself with, assisted, encouraged or participated in the sale of such
13 insurance to its employees or members through a payroll
14 deduction plan or otherwise. The use of any one of these four
15 terms, or the word "plan", in this section be inclusive of all four
16 terms.

1 SECTION 2. Section 193R of Chapter 175 of the General
2 Laws is further amended by the addition to the eighth paragraph
3 of said section pertaining to rules and regulations by deletion of
4 the word "and" immediately preceding the word "(8)", by
5 changing the period at the end of the paragraph to a semicolon

6 and by adding the following wordage to the end of said
7 paragraph:— “and (9) that an insurer shall not reinsure any
8 insurance written pursuant to such a group marketing plan
9 through the so-called reinsurance facility established pursuant to
10 Section 113H of this Chapter, as amended.”

1 SECTION 3. Chapter 175 of the General Laws of the
2 Commonwealth as most recently amended by further amended by
3 adding the following paragraph to Section 193R of said Chapter
4 175:—

5 Any insurer, or any person, firm or corporation on behalf of
6 any insurer issuing or making, or offering to issue or make, any
7 certificate or policy of motor vehicle or homeowner insurance to
8 any person in the Commonwealth pursuant to a group marketing
9 plan authorized by this Section shall, within ninety days after the
10 first anniversary of the inception of said group marketing plan
11 and within 90 days after each succeeding anniversary file a
12 statement with the Commissioner which shall include the
13 following information:

14 1. a copy of said group marketing plan then in effect if any,
15 and if none, a full description of the details of said plan.

16 2. a description of the volume of insurance written in the
17 Commonwealth by such insurer during the calendar year
18 immediately preceding the date of such report including a
19 summary of insurance premiums so written pursuant to group
20 marketing plans and insurance premiums so written not pursuant
21 to such group marketing plans.

22 3. a description of each employer, trade union, association or
23 organization which is the subject of such group marketing plan
24 including the number of total members thereof and the number of
25 members insured pursuant to such group marketing plan at the
26 particular anniversary which is the subject of the report.

27 The Commissioner shall review all such reports, and if he finds
28 that a group marketing plan may be in violation of this section, he
29 shall conduct a public hearing to determine whether or not such
30 violation exists. Such public hearing shall be held within thirty
31 days after the statement required by this paragraph is filed and at
32 least fifteen days' notice thereof shall be given by the com-
33 missioner to the person filing the statement. Such notice may

34 also be given to such other persons as may be designated by the
35 commissioner. The commissioner shall make a determination
36 within thirty days after the conclusion of such hearing. At such
37 hearing, the person filing the statement, and any person to whom
38 notice of hearing was sent and any other person whose interests
39 may be affected thereby shall have the right to present evidence,
40 examine and cross-examine witnesses and offer oral and written
41 arguments and in connection therewith shall be entitled to
42 conduct discovery proceedings in the same manner as in the
43 superior court. All discovery proceedings shall be concluded not
44 later than three days prior to the commencement of the public
45 hearing. The commissioner shall render a decision and issue
46 appropriate orders as to whether there is a violation of this
47 Section within 30 days after said hearing. Any person adversely
48 affected by such decision and order has a right of appeal to the
49 court. The courts of this commonwealth are hereby vested with
50 jurisdiction over every person not resident, domiciled, or
51 authorized to do business in this commonwealth who files a
52 statement with the commissioner under this section, and over all
53 actions involving such person arising out of violation of this
54 section, and each such person shall be deemed to have performed
55 acts equivalent to and constituting an appointment by such a
56 person of the commissioner to be his true and lawful attorney
57 upon whom may be served all lawful process in any action, suit or
58 proceeding arising out of violations of this section. Copies of all
59 such lawful process shall be served on the commissioner and
60 transmitted by registered or certified mail by the commissioner to
61 such person at his last known address. The commissioner may
62 adopt such rules and regulations as may be necessary to carry out
63 the provisions of this section. The provisions of chapter thirty A
64 shall not be applicable to the adoption of such rules and
65 regulations.

