

HOUSE No. 4806

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, October 7, 1999.

The committee on Insurance, to whom were referred the petition (accompanied by bill, House, No. 998) of Nancy Flavin for legislation to further regulate commercial insurance contracts, and the petition (accompanied by bill, House, No. 4022) of Ronald Mariano for legislation to exempt insurance policies issued to certain large commercial insureds from rate and form filing requirements, reports recommending that the accompanying bill (House, No. 4806) ought to pass.

For the committee,

NANCY FLAVIN.

The Commonwealth of Massachusetts

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

AN ACT CONCERNING THE REGULATION OF CERTAIN COMMERCIAL CONTRACTS OF 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. Chapter 175 of the General Laws, as appearing in
2 the 1998 Official Edition, is hereby amended by adding after
3 Section 211 thereof, the following new section:—

4 Section 212. The provisions as they relate to the regulation of
5 policy form and content and the filing, approval and fixing and
6 establishing of rates, of Chapter 174A, Chapter 175, including,
7 but not limited to sections 22A, 157, 193F, 193G, 193H,
8 Chapter 175A, Chapter 175C, Chapter 175D, Chapter 175E, and
9 Chapter 176H of the General Laws shall not apply to any contract
10 of insurance issued to a large commercial policyholder.

11 Notwithstanding the provisions of this section, any insurer
12 issuing contracts of insurance to large commercial policyholders
13 shall maintain underwriting files, premium, loss and expense sta-
14 tistics, financial and other records with regard to such contracts of
15 insurance which shall be subject to examination by the
16 Commissioner pursuant to Section 4 of Chapter 175 of the
17 General Laws.

18 For the purposes of this section, the following words shall have
19 the following meanings:

20 “Contract of Insurance,” any contract of insurance, as defined
21 in section 2 of Chapter 175 of the General Laws, providing for
22 property or casualty insurance coverages or any combination
23 thereof.

24 “Large Commercial Policyholder,” any holder of a contract of
25 insurance which is a corporation, partnership, trust, sole propri-
26 etorship or other business or public entity that retains a certified
27 risk manager, and has certified that it meets two of the following
28 criteria:

- 29 a) Net worth of \$ 10 million;
30 b) Net revenue or sales of \$5 million;
31 c) More than 25 employees per individual company or more
32 than 50 employees per holding company aggregate;
33 d) Aggregate insurance premiums of \$35,000 excluding
34 Worker's Compensation;
35 e) Non-profit or public entity with an annual budget or assets
36 of \$25 million or more;
37 f) Municipality with a population of 20,000 or more.
- 38 "Risk Manager," shall be a full-time employee or a person
39 retained by a large commercial policyholder, either of which must
40 be licensed and must be a certified insurance counselor, a char-
41 tered property and casualty underwriter, an associate in risk man-
42 agement, a certified risk manager or a licensed insurance advisor
43 in property and casualty insurance.

1 SECTION 2. Section 168 of chapter 175 of the General Laws,
2 as appearing in the 1998 Official Edition, is hereby amended by
3 inserting after the fifth sentence of the first paragraph the
4 following two new sentences:—

5 Said affidavit shall not be required in connection with any
6 transaction with an exempt commercial risk or policyholder as
7 defined in section 212, provided that any such commercial risk or
8 policyholder acknowledges in writing its understanding that
9 (1) the company from which insurance is procured is not admitted
10 to transact insurance in the commonwealth and (2) in the event of
11 the insolvency of the company losses will not be paid by the
12 Massachusetts Insurers Insolvency Fund under chapter 175D of
13 the General Laws. Each licensed special insurance broker shall
14 maintain copies of such acknowledgments for inspection by the
15 commissioner with respect to all policies of insurance so procured
16 by said licensee for exempt commercial risks or policyholders.

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