

By Mr. Sisitsky, a petition (accompanied by bill, Senate, No. 788) of Alan D. Sisitsky and Raymond A. Jordan for legislation to prohibit geographic discrimination in the granting of homeowners insurance. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty.

AN ACT PROHIBITING GEOGRAPHIC DISCRIMINATION IN THE GRANTING OF 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 3 of Chapter 176D of the General Laws, is hereby
2 amended by striking out sub-section (7) and inserting in
3 place thereof the following new subsection: —

4 (7) Unfair discrimination: (a) making or permitting any
5 unfair discrimination between individuals of the same class
6 and equal expectation of life in the rates charged for any con-
7 tract of life insurance or of life annuity or in the dividends or
8 other benefits payable thereon, or in any other of the terms
9 and conditions of such contract; (b) making or permitting
10 any unfair discrimination between individuals of the same
11 class and of essentially the same hazard in the amount of
12 premium, policy fees, or rates charged for any policy or con-
13 tract of accident or health insurance or in the benefits payable
14 thereunder, or in any of the terms or conditions of such con-
15 tract, or in any other manner whatever, or (c) making or
16 permitting any unfair discrimination in the issuance or rate
17 scale of homeowner's or renter's insurance solely on the
18 grounds of geographic location.

19 No company authorized to issue home or renters insurance
20 policies in this state and no officer, director, agent, clerk,
21 employee, or broker of such company shall, upon proper appli-
22 cation, refuse to provide homeowners or renters insurance or
23 provide that insurance at unreasonably high rates solely on
24 the basis of the specific geographic location of the real prop-

25 erty or building sought to be insured. "Homeowner's Insur-
26 ance," for purposes of this sub-section means the personal
27 multi-peril property coverage commonly known as homeown-
28 er's insurance. "Renter's Insurance" for purposes of this sec-
29 tion means the personal multi-peril personal property or dwell-
30 ing contents insurance commonly known as renters insurance
31 or tenants insurance.

32 The following acts, if committed or performed with such
33 frequency as to indicate a general business practice shall con-
34 stitute unfair discrimination as defined in (c):

35 (1) Exclusively requiring insurance to be purchased to re-
36 placement cost value:

37 (2) Selectively requiring inspections;

38 (3) Selectively sending agents or employees to certain
39 areas;

40 (4) Refusing to renew or cancelling a policy solely because
41 the agent who issued coverage left the company;

42 (5) Refusing to insure dwellings solely because of substan-
43 tial disparity between replacement cost and market value.

44 (6) Refusing to issue, refusing to renew, cancelling or limit-
45 ing the amount of terms of coverage of insurance solely be-
46 cause of the age of structure.

47 (7) Refusing to issue, refusing to renew, cancelling or lim-
48 iting the amount or terms of coverage due to the condition
49 of adjacent or nearby properties unless there are objectively
50 identifiable hazards associated with such properties which sig-
51 nificantly increase the risk.

52 (8) Varying the application of any or all of the following
53 standards or practices by geographic location:

54 (i) Use of previous denial of coverage or termination by
55 another insurer;

56 (ii) Use of insurance application questions concerning
57 whether the applicant was previously denied coverage or was
58 terminated by another insurer;

59 (iii) Use of previous coverage under an involuntary insur-
60 ance plan;

61 (iv) Use of insurance application questions concerning
62 whether the applicant was previously covered in an involun-

63 tary insurance plan;

64 (v) Providing of statement to applicants and insureds re-
65 garding the reasons for insurer's declination, termination, or
66 nonrenewal of an insurance contract;

67 (vi) Providing of statement to applicants and insureds be-
68 fore issuing notices of declination, termination, or nonrenewal
69 regarding corrective action, if any, the applicant or insured
70 must take to obtain or continue coverage:

71 (vii) Use of deductibles; this shall not prohibit the use of
72 any standard or practice merely because it affects various
73 areas differently, provided such standard or practice is applied
74 uniformly in all geographic locations.

75 In order to enable the insurance commission to facilitate
76 investigation and enforcement all companies licensed to issue
77 home or renters insurance shall annually disclose by postal
78 zip code area the number of policies including renewals, the
79 number of policies cancelled or applications rejected and the
80 justification for that cancellation or rejection. This informa-
81 tion is to be supplied to the Commissioner of Insurance of
82 this state who shall be responsible for the enforcement of the
83 provisions of this section.

84 In conjunction with and for the purposes of enforcement,
85 the Commissioner of Insurance is charged with the collection
86 of statistical data by postal zip code area including the num-
87 ber and incidence of structure fires by the three categories
88 of incendiary, unknown and unknown suspicious, crime rates,
89 and any other such information he deems necessary to provide
90 comparison to the data file heretofore supplied by all licensed
91 home or renter's insurance companies.

