

HOUSE No. 3449

By Mr. Brownsberger of Belmont, a petition (accompanied by bill, House, No. 3449) of William N. Brownsberger and John Hayes relative to financial assistance in automobile insurance ratings. Financial Services.

The Commonwealth of Massachusetts

PRESENTED BY:

William N. Brownsberger

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled;

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act to preserve the financial assistance feature in automobile insurance rating.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
William N. Brownsberger	24th Middlesex
John Hayes	5 Colonial Terrace Belmont, MA 02478

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT TO PRESERVE THE FINANCIAL ASSISTANCE FEATURE IN AUTOMOBILE INSURANCE RATING.

*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. Establishment of a special working commission.

2 A working commission ("commission") shall be established, consisting of
3 one or more individuals representing the following groups:

4 The Office of the Attorney-General;

5 The Office of Consumer Affairs and Business Regulation;

6 The Legislature's Boston Delegation, so-called;

7 The Boston City Council; and,

8 The Massachusetts Public Interest Research Group (MassPIRG),
9 providing that that organization is willing to be so involved.

10 In any decisions, actions, and/or votes of the commission, each of the above
11 groups will have equal status, regardless of the number of commission members
12 supplied by that institution.

13 Section 2A of Chapter 4 of the General Laws of Massachusetts, which deals
14 with the rules of conduct of special legislative commissions, shall not be applicable
15 to this commission.

16 SECTION 2. Purpose of the commission.

17 The purpose of this commission shall be to devise a process whereby the
18 internal cross-subsidizing financial assistance feature (“assistance feature”)
19 contained in the former “fixed-and-established” rating system in effect through
20 2007 CE is maintained in any future automobile insurance rating system, such as
21 the more competitive rating system currently being developed under the auspices
22 of the Division of Insurance., The commission shall be authorized to contract with
23 recognized established actuarial organizations to develop actuarial analyses as
24 needed. The commission may invite insurance experts and authorities, both in-
25 state and out-of-state, to appear before them.

26 The commission will determine the averages of the assistance feature levels
27 of the years 2004 and 2005 as detailed in Automobile Insurers Bureau Actuarial
28 Notice 04-2, “Subsidies in the 2004 Rates”, February 6, 2004, and Automobile
29 Insurers Bureau Actuarial Notice 05-2, “Subsidies in the 2005 Rates”, February 14,
30 2005, respectively. The process referred to above shall be so constructed as to
31 maintain the overall levels of the assistance feature at a minimum of three-quarters
32 of those overall 2004/2005 averages. In addition, no individual policy’s assistance
33 feature will be less than two-thirds of the 2004/2005 level for the effective
34 equivalent of that policy.

35 The above-referenced process will also forbid the use of any underwriting
36 procedures that could interfere with the preservation of the assistance feature.

37 The commission will publish the results of its deliberations, and will also
38 develop the necessary legislation to implement the above-referenced process and to
39 incorporate it into the private passenger automobile insurance system of the
40 Commonwealth of Massachusetts as detailed in Chapters 90, 175, and 175C and
41 elsewhere in the General Laws of the Commonwealth of Massachusetts. The
42 above-referenced publication of the results, and the development of implementing
43 legislation, is to be accomplished within three months of the date of passage of this
44 bill or June 1st of 2009, whichever date occurs later.

45 Minority reports and implementing legislation may also be produced if so
46 desired.

47 SECTION 3. Funding of the commission.

48 The commission and its activities shall be funded by an assessment on the
49 automobile insurance companies doing business in the Commonwealth of
50 Massachusetts, said assessment to be ten cents (\$0.10) per policy in effect as of
51 January 1st, 2009, for a total of approximately four hundred thousand dollars
52 (\$400,000).

53 The commission may decide on an alternate method of funding its activities
54 provided the alternate method is equally fair and non-discriminatory and will
55 produce similar results.

56 SECTION 4. The formation of the commission shall take place within two
57 weeks of the passage of this act.