

The Commonwealth of Massachusetts



MICHAEL S. DUKAKIS
GOVERNOR

EXECUTIVE DEPARTMENT
STATE HOUSE . BOSTON 02133

March 22, 1978

TO THE HONORABLE SENATE AND HOUSE OF REPRESENTATIVES:

I am today submitting to your Honorable Bodies the attached legislation, entitled, "An Act Increasing the Tort Threshold Under the No-Fault Motor Vehicle Insurance Law."

This legislation would raise the tort threshold under the no-fault auto insurance statute from \$500 to \$1,000. The threshold was established in 1970 when our landmark no-fault law was originally enacted. Since then, medical costs have risen dramatically, and there are indications that the rise in these costs has resulted in an increase in the number of tort claims for pain and suffering. Moreover, once the threshold has been exceeded, the damages sought may be two or three times the out-of-pocket loss. As a result, the pressure exerted on insurance rates for bodily injury coverage may be greater than the rise in medical costs. Therefore, if our no-fault law is to remain effective, the tort threshold must be raised to reflect the effects of inflation.

I am also proposing a method by which the threshold can be adjusted to reflect increases in consumer prices without further legislation. A similar "indexing" procedure has already been established for a number of state and federal programs.

This legislation could produce savings of up to \$4 million in auto insurance costs for Massachusetts drivers. At the very minimum, it should prevent an increase in rates for bodily injury coverage which might otherwise occur because of the diminished effectiveness of the tort threshold.

I urge you to act expeditiously on this legislation so that the savings can be included in 1979 rates.

RESPECTFULLY SUBMITTED,

Michael S. Dukakis
Michael S. Dukakis
Governor
Commonwealth of Massachusetts

The Commonwealth of Massachusetts

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

AN ACT INCREASING THE TORT THRESHOLD UNDER THE NO-FAULT MOTOR
VEHICLE INSURANCE LAW.

*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 34M of chapter 90 of the General Laws,
2 as appearing in section 4 of chapter 670 of the Acts of 1970, is
3 hereby amended by striking out the seventh paragraph and
4 inserting in place thereof the following paragraph:—

5 Amounts deducted from payment in accordance with the
6 provisions of the preceding paragraph shall not have any effect
7 upon the determination of whether or not the reasonable and
8 necessary expenses incurred as a result of any injury exceed or do
9 not exceed one thousand dollars, or such other amount as may be
10 established pursuant to section six D of chapter two hundred and
11 thirty-one, which determination may affect an injured person's
12 rights under said section six D.

1 SECTION 2. Section 6D of chapter 231 of the General Laws, as
2 appearing in section 5 of said chapter 670, is hereby amended by
3 striking out, in line 10, the words "five hundred" and inserting in
4 place thereof the words:— one thousand.

1 SECTION 3. Said section 6D is hereby further amended by
2 adding the following paragraph:—

3 The expense threshold established in the preceding paragraph
4 shall be applicable to calendar year 1979. Prior to the commence-
5 ment of subsequent calendar years, the commissioner of insurance
6 shall determine the ratio that the medical care component of the
7 Consumer Price Index for the period most representative of the
8 cost of medical, surgical, x-ray and dental services for the then
9 current calendar year bears to such index for calendar year 1978.
10 This ratio shall then be applied to one thousand dollars and the

11 product shall be rounded to the nearest multiple of one hundred
12 dollars, which shall be the expense threshold for the subsequent
13 calendar year.

1 SECTION 4. This act shall take effect on January first,
2 nineteen hundred and seventy-nine.

