

By Mr. Jordan of Springfield, petition of Raymond A. Jordan, Jr., Sandra Graham, Thomas M. Gallagher and William E. Moriarty 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-Four.

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 amend-
2 ed by striking out subsection (7) and inserting in place thereof the
3 following new subsection:

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

18 No company authorized to issue home or renters insurance
19 policies in this state and no officer, director, agent, clerk, em-
20 ployee, or broker of such company shall, upon proper application,
21 refuse to provide homeowners or renters insurance or provide that
22 insurance at unreasonably high rates solely on the basis of the

23 specific geographic location of the real property or building
24 sought to be insured. "Homeowner's Insurance," for purposes of
25 this subsection means the personal multi-peril property coverage
26 commonly known as homeowner's insurance. "Renter's Insur-
27 ance" for purposes of this section means the personal multi-peril
28 personal property or dwelling contents insurance commonly
29 known as renters insurance or tenants insurance.

30 The following acts, if committed or performed with such fre-
31 quency as to indicate a general business practice shall constitute
32 unfair discrimination as defined in (c):

33 (1) Exclusively requiring insurance to be purchased to replace-
34 ment cost value;

35 (2) Selectively requiring inspections;

36 (3) Selectively sending agents of employees to certain areas;

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

39 (5) Refusing to insure dwellings solely because of substantial
40 disparity between replacement cost and market value.

41 (6) Refusing to issue, refusing to renew, cancelling or limiting
42 the amount of terms of coverage of insurance solely because of the
43 age of structure.

44 (7) Refusing to issue, refusing to renew, cancelling or limiting
45 the amount or terms of coverage due to the condition of adjacent or
46 nearby properties unless there are objectively identifiable hazards
47 associated with such properties which significantly increase the
48 risk.

49 (8) Varying the application of any or all of the following stand-
50 ards or practices by geographic location:

51 (i) Use of previous denial of coverage or termination by another
52 insurer;

53 (ii) Use of insurance application questions concerning whether
54 the applicant was previously denied coverage or was terminated by
55 another insurer;

56 (iii) Use of previous coverage under an involuntary insurance
57 plan;

58 (iv) Use of insurance application questions concerning whether
59 the applicant was previously covered in an involuntary insurance
60 plan;

61 (v) Providing of statement to applicants and insureds regarding
62 the reasons for insurer's declination, termination, or nonrenewal of
63 an insurance contract;

64 (vi) Providing of statement to applicants and insureds before
65 issuing notices of declination, termination, or nonrenewal regard-
66 ing corrective action, if any, the applicant or insured must take to
67 obtain or continue coverage;

68 (vii) Use of deductibles; this shall not prohibit the use of any
69 standard or practice merely because it affects various areas differ-
70 ently, provided such standard or practice is applied uniformly in all
71 geographic locations.

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

80 In conjunction with and for the purposes of enforcement, the
81 Commissioner of Insurance is charged with the collection of statisti-
82 cal data by postal zip code area including the number and inci-
83 dence of structure fires by the three categories of incendiary,
84 unknown and unknown suspicious, crime rates, and any other such
85 information he deems necessary to provide comparison to the date
86 file heretofore supplied by all licensed home or renters' insurance
87 companies.

