

HOUSE No. 1018

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act relative to coverage for insurance losses by windstorm and hail through the Massachusetts Property Insurance Underwriting Association..

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 1 of chapter 175C of the General Laws, as so appearing in the 2004
2 Official Edition, is hereby amended by inserting in line 9 after the word “commissioner” the
3 following: and insurance coverage against direct losses to property, both residential and
4 commercial, as a result of windstorm and hail as a separate, stand-alone policy, filed with and
5 accepted by the commissioner, and insurance coverage against direct loss to property excluding
6 wind and hail coverage as defined and limited in the standard fire policy, filed with and accepted
7 by the commissioner,

8 SECTION 2. Section 1 of chapter 175C of the General Laws, as so appearing in the 2004
9 Official Edition, is hereby further amended by adding the following definition:-

10 “Losses”, direct incurred losses, including damage from wind, hail, wind-borne debris, or
11 wind-borne water under the separate, stand-alone wind and hail policy, which shall include
12 additional living expenses not to exceed .40 percent of the insured value of the residential
13 structure or its contents and shall exclude loss adjustment expenses; except that “losses” shall not

14 include losses for fair rental value, loss of rent or rental income, or business interruption
15 insurance;

16 SECTION 3. Section 5 of chapter 175C of the General Laws, as so appearing, in hereby
17 amended by inserting in line 73 after the words “175A;” the following:- provided, further, that
18 the association may make separate rate filings in accordance with chapter 174A and chapter
19 175A for the separate, stand-alone residential and commercial windstorm and hail policies and
20 said rates must be actuarially sound, and premiums collected from said policies shall be
21 accounted for separately by the association; and provided, further, that the commissioner shall,
22 with respect to the separate, stand-alone residential and commercial windstorm and hail policies,
23 consider the cost of predicted losses by averaging the losses as predicted by a minimum of two
24 of the hurricane prediction modelers measured by the market share of the insurers who use their
25 models in Massachusetts and the cost of catastrophe reinsurance irrespective of actual purchase
26 of reinsurance.

27 SECTION 4. Section 8 of chapter 175C of the General Laws, as so appearing is hereby
28 amended by adding the following paragraph:-

29 (c) With respect to premiums charged for the stand-alone wind and hail insurance
30 policies, if, upon the occurrence of a covered event, it is determined that the funds available are
31 insufficient to pay claims, the commissioner is authorized to levy an emergency assessment on
32 each insurance company in an amount in the proportion that the premiums earned in the
33 commonwealth during the preceding calendar year by each such company. An insurer shall
34 collect said assessment at the same time it collects the premium payment for each policy and
35 shall remit the assessment collected to the association as provided in the order issued by the

36 commissioner. The division of insurance shall verify the accurate and timely collection and
37 remittance of emergency assessment. Each insurer collecting assessments shall provide the
38 information with respect to premiums and collections that may be required by the commissioner
39 for verification of compliance with this subsection.