

**HOUSE . . . . . No. 2044**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

*Antonio F. D. Cabral*

*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 adoption of the accompanying bill:

**An Act to protect consumers of homeowner's insurance.**

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>	<i>1/20/2011</i>
<i>Thomas P. Kennedy</i>		<i>2/1/2011</i>
<i>Cheryl A. Coakley-Rivera</i>	<i>10th Hampden</i>	<i>1/31/2011</i>

**HOUSE . . . . . No. 2044**

By Mr. Cabral of New Bedford, a petition (accompanied by bill, House, No. 2044) of Antonio F. D. Cabral, Thomas P. Kennedy and Cheryl A. Coakley-Rivera relative to the sale of homeowners insurance. Financial Services.

**The Commonwealth of Massachusetts**

**In the Year Two Thousand Eleven**

An Act to protect consumers of homeowner's 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 1. Chapter 175 of the General Laws, as appearing in the 2008 Official  
2 Edition, is hereby amended by inserting after section 4D the following section:-

3 Section 4E. The commissioner shall adopt regulations to require that both all insurers  
4 licensed to write and engaged in the writing of homeowners insurance in the commonwealth and  
5 the joint underwriting association, established in chapter 175C, shall produce standard outline of  
6 coverages written in language prescribed or approved by the commissioner that describe the  
7 features of the coverage. Each insurer, including the joint underwriting association, shall be  
8 required to provide this information to each policyholder upon the issuance or renewal of a  
9 policy.

10 SECTION 2. Within ninety days of the effective date hereof, the commissioner shall  
11 begin negotiations with the state insurance commissioners or their equivalents in the other New  
12 England states, New York and New Jersey with the goal of agreeing with one or more of those

13 states, through a Memorandum of Understanding, to the creation of a regional Center for  
14 Hurricane Research, hereinafter referred to as the center, to be jointly funded and operated. The  
15 center shall employ such expert, clerical, or other assistants as the work of the center may  
16 require. The center shall develop criteria for hurricane loss projection models and methodologies  
17 that are specific to the coastal northeastern United States and may from time to time adopt  
18 revisions to these criteria. In establishing the criteria, the center shall consider any models, model  
19 software, methods, principles, standards, data, inputs, manuals, validation studies and output  
20 ranges that have the potential for improving the accuracy of or reliability of the hurricane loss  
21 projections used in homeowners' insurance rate filings. The criteria developed under this  
22 subsection shall be based on actual data on state construction practices, codes, and buildings.  
23 Criteria developed by the center for this purpose shall be a public record.

24 SECTION 3. Chapter 175, as so appearing is hereby amended by inserting after section  
25 99C the following section:-

26 Section 99D. Insurers filing rates for approval by the commissioner shall submit to the  
27 office of the attorney general all hurricane models, model software, methods, principles,  
28 standards, data, inputs, manuals, validation studies and output ranges relevant to the insurer's  
29 hurricane loss projection model or methodology that is intended to be used during a rate  
30 proceeding on an insurer's rate filing in advance of the rate proceeding. All models , model  
31 software, methods, principles, standards, data, inputs, manuals, validation studies and output  
32 ranges shall be submitted to the office of the attorney general for review no later than ninety days  
33 prior to being admitted as evidence during a rate proceeding before the commissioner of  
34 insurance. If any insurer fails to submit any item or items required by the office of the attorney  
35 general pursuant to this subsection, the commissioner shall direct the insurer to remove the

36 hurricane loss projection from its filing. A trade secret used in designing and constructing a  
37 hurricane loss model or methodology, provided by an insurer to the center under this subsection,  
38 is confidential and shall not be deemed a public record, as defined in clause Twenty-sixth of  
39 section 7 of chapter 4. The office of the attorney general shall maintain custody of any records  
40 made confidential by this paragraph using a secure location or website. That portion of a rate  
41 proceeding on an insurer's rate filing at which a trade secret is discussed shall be deemed  
42 confidential and not open to disclosure under the open meetings law, but may be discussed at a  
43 closed meeting as provided for in section 11A ½ of chapter 30A. Employees, volunteers and  
44 consultants of the office of the attorney general will be bound not to disclose information made  
45 confidential.

46 SECTION 4. Chapter 175, as so appearing, is hereby further amended by inserting after  
47 section 99D the following:-

48 Section 99E. Any company that has offered an applicant a policy of homeowners multi-  
49 peril insurance, pursuant to section 99B of this chapter or otherwise, shall modify said offer, if  
50 requested to do so by the applicant, to reduce the amount of coverage offered upon a showing by  
51 the applicant that the amount of coverage originally offered exceeds either the municipally  
52 assessed value of the subject property or its market value, as determined by an appraiser licensed  
53 pursuant to section 174 of chapter 112. The applicant may request and, if so requested, the  
54 offering company must offer a policy containing any coverage amount not lower than either such  
55 assessed or appraised value. Applicants may appeal a failure to comply with this subsection to  
56 the office of the attorney general.

57 SECTION 5. Chapter 175C of the General Laws, as so appearing, is hereby amended by  
58 striking out section 4(f) and inserting in place thereof the following section:-

59 (f) The association shall be governed by a board of 18 directors, who shall serve without  
60 compensation. Ten directors shall be elected annually by the members of the association by  
61 cumulative voting; 2 directors of associations of insurance agents and brokers doing business in  
62 the commonwealth appointed by the commissioner; 4 directors from the general public appointed  
63 by the commissioner; and 2 directors from the general public appointed by the attorney general.  
64 The 6 directors appointed from the general public by the commissioner of insurance and the  
65 attorney general shall serve 3 year terms, staggered in a manner to ensure the annual expiration  
66 of the terms of 2 directors, and shall not serve as director for more than 3 consecutive terms. The  
67 6 directors appointed from the general public may not have affiliations with the insurance  
68 industry and at least 2 shall have a primary residence in Bristol, Plymouth, Barnstable, Dukes or  
69 Nantucket counties. Cumulative voting by members shall be permitted at all such elections.

70 SECTION 6. Section 5 of chapter 175C of the General Laws, as appearing in the 2006  
71 Official Edition, is hereby amended by striking out in section c the following sentence:-

72 Notwithstanding clause (2), the commissioner shall consider the effects of predicted  
73 hurricane losses and the cost of catastrophe reinsurance on the rates charged by voluntary market  
74 insurers and the cost of catastrophe reinsurance and the predicted hurricane losses on the  
75 association approving rates for homeowners insurance in all territories.

76 SECTION 7. Chapter 175C of the General Laws, as appearing in the 2006 Official  
77 Edition, is hereby amended by adding the following section:-

78           Section 10. The association shall offer all eligible applicants a premium installment  
79 payment option consisting of ten payments.