HOUSE DOCKET, NO. 2139 FILED ON: 1/19/2017

HOUSE . . . . . No. 2159

The Commonwealth of Massachusetts

PRESENTED BY:

Daniel Cahill

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 relating to modernizing business to business commercial insurance transactions.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Daniel Cahill	*10th Essex*	*1/19/2017*

HOUSE DOCKET, NO. 2139 FILED ON: 1/19/2017

HOUSE . . . . . No. 2159

By Mr. Cahill of Lynn, a petition (accompanied by bill, House, No. 2159) of Daniel Cahill for legislation to modernize business to business commercial insurance transactions. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Ninetieth General Court
(2017-2018)

An Act relating to modernizing business to business commercial insurance transactions.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 175 of the General Laws is hereby amended by adding a new section 228 as follows:

Section 228: Specialty commercial lines; filing exemptions

Section 228.(a) For the purposes of this section, the following words shall have the following meanings:

"Contract of insurance", a contract of insurance as defined in section 2 providing for property or casualty insurance coverages or any combination thereof.

“Specialty commercial lines”, the following property or casualty insurance coverages:

1) Aircraft liability and hull insurance;

2) Surety and fidelity;

3) Commercial inland marine;

4) Ocean marine;

5) Boiler and machinery;

6) Environmental impairment/pollution liability;

7) Kidnap and ransom;

8) Political risk or expropriation;

9) Excess and umbrella liability;

10) Directors' and officers' liability;

11) Fiduciary liability;

12) Employment practices liability;

13) Errors and omission and professional liability (other than medical malpractice);

14) Media liability;

15) Commercial lines travel risks, including accidental death and dismemberment;

16) Product liability, product recall and completed operations;

17) Cybersecurity, including first and third party commercial lines coverage for losses arising out of or relating to data privacy breaches, network security, computer viruses and similar exposures;

18) Highly protected commercial property;

19) Commercial flood insurance (other than National Flood Insurance Program);

20) Any other commercial lines insurance coverage or risk that the commissioner shall, pursuant to regulation, exempt from rate and policy form filing requirements in order to promote enhanced competition or to more effectively use the resources of the department that might otherwise be used to review commercial lines filings. Such exemptions shall not apply to motor vehicle, workers' compensation or medical malpractice insurance.

(b) As they relate to the regulation of policy form and content and the filing, approval and fixing and establishing of rates, section 6 of chapter 174A, chapter 175, including, but not limited to, sections 2B, 22A, 193F, 193G, and 193H, and chapter 175A shall not apply to specialty commercial lines. Notwithstanding other requirements of this section, an insurer issuing a contract of specialty commercial lines insurance shall maintain underwriting files, premium, loss and expense statistics, financial and other records with regard to the contract of insurance which shall be subject to examination by the commissioner pursuant to section 4.

(c) The commissioner may temporarily reinstate, for a period of no longer than one year, the requirement for rate or form filings for a specific specialty commercial lines insurance coverage specified under subsection (a) of this section if, after a hearing, the commissioner makes a finding of fact that a reasonable degree of competition does not exist for that specific type of insurance coverage. Such a finding of fact by the commissioner must specify the relevant tests used to determine whether a lack of a reasonable degree of competition exists and the results thereof. In the absence of such specific findings of fact by the commissioner, a competitive market is presumed to exist.

SECTION 2. Chapter 175 of the General Laws is hereby amended by amending Section 224(a) as follows:

Section 224. (a) For the purposes of this section, the following words shall have the following meanings:

"Contract of insurance", a contract of insurance as defined in section 2 providing for property or casualty insurance coverages or any combination thereof.

"Large commercial policyholder", the holder of a contract of insurance which is a corporation, partnership, trust, sole proprietorship or other business or public entity, has aggregate property and casualty insurance premiums of $25,000 excluding workers' compensation, which has certified that it elects to be treated as a large commercial policyholder and understands the limited regulatory oversight that the election connotes and has certified that it meets 2 of the following criteria:

(1) net worth of $10,000,000;

(2) net revenue or sales of $5,000,000;

(3) more than 25 employees per individual company or more than 50 employees per holding company aggregate;

(4) nonprofit or public entity with an annual budget or assets of $25,000,000 or more;

(5) municipality with a population of 20,000 or more; or

(6) retains a risk manager who shall be a full-time employee or a person retained by a large commercial policyholder, either of which shall be licensed and shall be 1 of the following:?

(i) a certified insurance counselor; (ii) a chartered property and casualty underwriter; (iii) an associate in risk management; (iv) a certified risk manager; or (v) a licensed insurance advisor in property and casualty insurance.