

**HOUSE . . . . . No. 2950**

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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 reform the homeowners insurance market.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>	<i>1/20/2017</i>
<i>Robert M. Koczera</i>	<i>11th Bristol</i>	

**HOUSE . . . . . No. 2950**

By Mr. Cabral of New Bedford, a petition (accompanied by bill, House, No. 2950) of Antonio F. D. Cabral and Robert M. Koczera relative to further regulating the homeowners insurance market. Financial Services.

**The Commonwealth of Massachusetts**

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

An Act to reform the homeowners insurance market.

*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. Amendments to Chapter 175. Chapter 175 of the General Laws is hereby  
2 amended by—

3 (a) inserting after section 99C the following section:-

4 “Section 99D. Insurers filing rates for approval by the commissioner shall submit to the  
5 office of the attorney general all hurricane models, model software, methods, principles,  
6 standards, data, inputs, manuals, validation studies and output ranges relevant to the insurer’s  
7 hurricane loss projection model or methodology that is intended to be used during a rate  
8 proceeding on an insurer’s rate filing in advance of the rate proceeding. All models , model  
9 software, methods, principles, standards, data, inputs, manuals, validation studies and output  
10 ranges shall be submitted to the office of the attorney general for review no later than 90 days  
11 prior to being admitted as evidence during a rate proceeding before the commissioner of  
12 insurance. If any insurer fails to submit any item or items required by the office of the attorney

13 general pursuant to this subsection, the commissioner shall direct the insurer to remove the  
14 hurricane loss projection from its filing. A trade secret used in designing and constructing a  
15 hurricane loss model or methodology, provided by an insurer to the center under this subsection,  
16 is confidential and shall not be deemed a public record, as defined in clause 26 of section 7 of  
17 chapter 4. The office of the attorney general shall maintain custody of any records made  
18 confidential by this paragraph using a secure location or website. That portion of a rate  
19 proceeding on an insurer's rate filing at which a trade secret is discussed shall be deemed  
20 confidential and not open to disclosure under the open meetings law, but may be discussed at a  
21 closed meeting as provided for in section 21 of chapter 30A. Employees, volunteers and  
22 consultants of the office of the attorney general will be bound not to disclose information made  
23 confidential.”; and

24 (b) inserting after section 99D the following section:-

25 “Section 99E. Any company that has offered an applicant a policy of homeowners multi-  
26 peril insurance, pursuant to section 99B of this chapter or otherwise, shall modify said offer, if  
27 requested to do so by the applicant, to reduce the amount of coverage offered upon a showing by  
28 the applicant that the amount of coverage originally offered exceeds by more than 10 per cent the  
29 greater of either the municipally assessed value of the subject property or its market value, as  
30 determined by an appraiser licensed pursuant to section 174 of chapter 112. The applicant may  
31 request and, if so requested, the offering company must offer a policy containing any coverage  
32 amount not lower than the municipally assessed value plus ten percent of such assessed value.  
33 Applicants may appeal a failure to comply with this subsection to the office of the attorney  
34 general.”.

35 SECTION 2. Amendments to Chapter 175C.

36 (a) Chapter 175C of the General Laws is hereby amended by striking out subsection  
37 (f) of section 4, as appearing in the 2014 Official Edition, and inserting in place thereof the  
38 following section:-

39 “(f) The association shall be governed by a board of 18 directors, who shall serve without  
40 compensation: 10 directors shall be elected annually by the members of the association by  
41 cumulative voting; 2 directors of associations of insurance agents and brokers doing business in  
42 the commonwealth appointed by the commissioner; 4 directors from the general public appointed  
43 by the commissioner; and 2 directors from the general public appointed by the attorney general.  
44 The 6 directors appointed from the general public by the commissioner of insurance and the  
45 attorney general shall serve 3 year terms, staggered in a manner to ensure the annual expiration  
46 of the terms of 2 directors, and shall not serve as director for more than 3 consecutive terms. The  
47 6 directors appointed from the general public may not have affiliations with the insurance  
48 industry and at least 2 shall have a primary residence in Bristol, Plymouth, Barnstable, Dukes or  
49 Nantucket counties. Cumulative voting by members shall be permitted at all such elections.”.

50 (b) Subsection (c) of section 5 of said chapter, as so appearing, is hereby further  
51 amended by striking out, in lines 108-113, the third sentence.

52 (c) Said chapter is hereby further amended by adding the following section:-

53 “Section 10. The association shall offer all eligible applicants a premium installment  
54 payment option consisting of 10 payments.”.

55           SECTION 3. Replacement Cost Formula. Insurers offering homeowners insurance shall  
56 submit the methods, models and formulas used to determine replacement costs for approval to  
57 the division, with a copy to the office of the attorney general, at least annually.