SENATE DOCKET, NO. 462 FILED ON: 1/17/2017

SENATE . . . . . No. 496

The Commonwealth of Massachusetts

PRESENTED BY:

Michael J. Barrett

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 relative to transparency in homeowners insurance rate setting.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
Michael J. Barrett	*Third Middlesex*	
Chris Walsh	*6th Middlesex*	*1/18/2017*
Jason M. Lewis	*Fifth Middlesex*	*1/25/2017*
James M. Cantwell	*4th Plymouth*	*1/26/2017*
Kenneth I. Gordon	*21st Middlesex*	*1/31/2017*
Antonio F. D. Cabral	*13th Bristol*	*2/1/2017*
Barbara A. L'Italien	*Second Essex and Middlesex*	*2/2/2017*
Sal N. DiDomenico	*Middlesex and Suffolk*	*2/3/2017*

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SENATE . . . . . No. 496

By Mr. Barrett, a petition (accompanied by bill, Senate, No. 496) of Michael J. Barrett, Chris Walsh, Jason M. Lewis, James M. Cantwell and other members of the General Court for legislation relative to transparency in homeowners insurance rate setting. Financial Services.

The Commonwealth of Massachusetts

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

An Act relative to transparency in homeowners insurance rate setting.

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. Section 5 of chapter 174A of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by inserting after the fourth paragraph the following paragraph:-

4. For homeowners' multi-peril insurance, rate classes may be based on any differences among risks that can be demonstrated to have a probable effect upon losses or expenses; provided, however, that such classes shall not be based on non-risk-related factors, including but not limited to policyholders' price elasticity of demand.

SECTION 2. Section 6 of chapter 174A of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by striking out, in lines 22 and 23, the words "after the filing becomes effective." and inserting in place thereof the following words:- "at all times after initial filing, and shall be made available to the public online within 3 business days after initial filing.".

SECTION 3. Section 7 of chapter 174A of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by striking out the fourth paragraph and inserting in place thereof the following paragraphs:-

(c) The attorney general may request a hearing, and the commissioner shall grant such request, with regard to any filing that in the attorney general's opinion may not meet the requirements of this chapter. The attorney general may request a hearing on no more than four filings per year. The commissioner shall, within thirty days after receipt of such request, hold a hearing upon not less than ten days' written notice to the attorney general and to every insurer and rating organization that made such filing. If, after such hearing, the commissioner finds that the filing does not meet the requirements of this chapter, he shall issue an order specifying in what respects he finds that such filing fails to meet the requirements of this chapter, and stating that the filing shall not take effect, or, if it has already taken effect, stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to the attorney general and to every such insurer and rating organization.

(d) The commissioner may also call a hearing at any time prior to the proposed effective date of any filing or any later effective date called for by order made pursuant to this chapter. If after such hearing the commissioner finds that any such filing will not meet the requirements of this chapter, said filing shall not take effect.

SECTION 4. Chapter 175 of the General Laws is hereby amended by striking out section 4B, as appearing in the 2014 Official Edition, and replacing it with the following section:-

Section 4B. The commissioner, each year, shall direct and cause all insurers writing policies for homeowners insurance in the commonwealth, and the joint underwriting association

formed pursuant to the provisions of chapter one hundred and seventy-five C, to submit directly for his inspection and examination a tabulation and report, for each postal zip code in the commonwealth, of the number of effected cancellations and number of effected non-renewals of homeowners policies covering properties within such zip codes. Insurers shall list the basis for each cancellation and non-renewal. Bases for cancellations shall be limited to those listed in section ninety-nine, twelfth, of this chapter. Bases for non-renewals shall include material change in the condition of the property, material change to the risk, loss history, insurer no longer writing insurance in the locality, and such other specific enumerated reasons as the commissioner shall permit. The numbers of cancellations and non-renewals by each insurer shall be published annually on the division's website; provided, however, that the personal privacy of policyholders shall be preserved and any individual policyholder data furnished pursuant hereto shall be deemed materials described in subclause (c) of clause twenty-sixth of section seven of chapter four.

SECTION 5. The fourth paragraph of section 5 of chapter 175A of the General Laws, as so appearing, is hereby amended by adding the following sentence:-

Such standards and classifications shall not be based on non-risk-related factors, including but not limited to policyholders' price elasticity of demand.

SECTION 6. Section 6 of chapter 175A of the General Laws, as so appearing, is hereby amended by striking out, in lines 22 and 23, the words "after the filing becomes effective." and inserting in place thereof the following words:- "at all times after initial filing, and shall be made available to the public online within three business days after initial filing.".

SECTION 7. Section 7 of chapter 175A of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by striking out the third paragraph and inserting in place thereof the following paragraphs:-

(c) The attorney general may request a hearing, and the commissioner shall grant such request, with regard to any filing that in the attorney general's opinion may not meet the requirements of this chapter. The attorney general may request a hearing on no more than four filings per year. The commissioner shall, within thirty days after receipt of such request, hold a hearing upon not less than ten days' written notice to the attorney general and to every insurer and rating organization that made such filing. If, after such hearing, the commissioner finds that the filing does not meet the requirements of this chapter, he shall issue an order specifying in what respects he finds that such filing fails to meet the requirements of this chapter, and stating that the filing shall not take effect, or, if it has already taken effect, stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said order shall be sent to the attorney general and to every such insurer and rating organization.

(d) The commissioner may also call a hearing at any time prior to the proposed effective date of any filing or any later effective date called for by order made pursuant to this chapter. If after such hearing the commissioner finds that any such filing will not meet the requirements of this chapter, said filing shall not take effect.