HOUSE DOCKET, NO. 900 FILED ON: 1/15/2019

HOUSE . . . . . No. 3716

The Commonwealth of Massachusetts

PRESENTED BY:

Joseph D. McKenna

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 clarify auto insurance liability during claims investigations.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Joseph D. McKenna	*18th Worcester*	*1/15/2019*
Michael O. Moore	*Second Worcester*	*2/1/2019*
Michael J. Soter	*8th Worcester*	*1/30/2019*

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HOUSE . . . . . No. 3716

By Mr. McKenna of Webster, a petition (accompanied by bill, House, No. 3716) of Joseph D. McKenna, Michael O. Moore and Michael J. Soter relative to motor vehicle insurance liability during claims investigations. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

An Act to clarify auto insurance liability during claims investigations.

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

Section 113O of chapter 175 of the General Laws hereby amended by adding the following 8 paragraphs:-

Notwithstanding any other provision in this section, after notice of the occurrence of an event resulting in the loss of an insured vehicle or other covered property, the covering insurance company has a period not to exceed 30 days in which to conduct any investigations as to the cause of loss. The insurer shall notify the insured of the commencement and conclusion of the investigation of the cause of loss.

Termination of a policy by an insurance company at the initiation of a claim regarding the loss in an insured vehicle or other property by an insured shall be prohibited.

During the period of conducting an investigation as to the cause of loss, any ongoing payment of premium due to the financial institution holding title of the insured vehicle shall be made by the investigating insurance company. Should the finding of the investigation be that the

loss was fraudulent or intentional the cumulative amount of all payments paid by the insurance company during the investigation period shall be recoverable from the insured party.

During the period of conducting any investigation, no claims of delinquency or collection efforts may be made by the holder of the title of said property, and no reports may be made to any credit rating bureaus until the conclusion of the investigation and a determination has been rendered.

Following the conclusion of a claim investigation by an insurance company and after settlement payment has been made in full by said company, should the insured also carry a gap insurance policy and file a such a claim, the company holding such a gap insurance policy shall have no more than 15 business days to make payment to the insured. For the purposes of this section, the term gap insurance shall mean a separate insurance policy that covers the difference of the payoff amount of any loan or lease on the vehicle less the actual cash value of the vehicle.

Following the conclusion of a claim investigation by an insurance company and after settlement payment has been made in full by said company, should the insured also carry a gap insurance policy and file a such a claim, the account shall be listed by the holder of the title as 'paid to date' and collection efforts may not be taken. Negative reporting to credit bureaus may not occur until all held insurance policies have been paid in full.

Upon the payment of any gap insurance policy, the account shall be closed with the credit bureaus in a timely manner.

A violation of this section shall be punishable by a fine of not more than $10,000 as determined by the commissioner of insurance.