

**HOUSE . . . . . No. 3776**

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The Commonwealth of Massachusetts

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**In the Year Two Thousand Twelve**  
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An Act relating to insurance company rebates..

*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. Section 182 of chapter 175 of the General Laws, as appearing in the 2010  
2 Official Edition, shall be amended by striking the section in its entirety and replacing it with the  
3 following section:-

4           Section 182. No company, no officer or agent thereof and no insurance broker shall pay  
5 or allow, or offer to pay or allow, in connection with placing or negotiating any policy of  
6 insurance or any annuity or pure endowment contract or the continuance or renewal thereof, any  
7 valuable consideration or inducement in an amount greater than one-hundred dollars, or any  
8 cash, or gift cards, not specified in the policy or contract, or any special favor or advantage in the  
9 dividends or other benefits to accrue thereon; or shall give, sell or purchase, or offer to give, sell  
10 or purchase, anything of value in an amount greater than one-hundred dollars whatsoever not  
11 specified in the policy; or shall give, sell, negotiate, deliver, issue, or authorize to issue or offer  
12 to give, sell, negotiate, deliver, issue, or authorize to issue any policy of workers' compensation  
13 insurance, or any motor vehicle liability bond or any motor vehicle liability policy, both as  
14 defined in section thirty-four A of chapter ninety, at a rate different from that fixed, established

15 or approved by the commissioner. Valuable consideration or inducement shall not include any  
16 advice or services provided by or through an insurance company, insurance agent, or third party  
17 provided by either, related to risk assessment, risk management tools, claims assistance, claims  
18 reduction, administrative consulting, or advice or services designed to reduce risk, claims or  
19 claims expenses. No such company, officer, agent or broker shall at any time pay or allow, or  
20 offer to pay or allow, any rebate of any premium paid or payable on any policy of insurance or  
21 any annuity or pure endowment contract. Nothing in this chapter shall prevent any life company  
22 from making supplemental agreements, not specified in the policy, which give the policy owner  
23 or insured the right to borrow money from the life company in connection with a student loan  
24 insurance program, pursuant to United States Public Law 89-329, or pursuant to any similar  
25 federal statute; provided, however, that such loans are to be made, issued, assumed or guaranteed  
26 by the United States of America or any instrumentality thereof, or by any state of the United  
27 States.

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29 SECTION 2. Section 183 of chapter 175 of the General Laws, as appearing in the 2010  
30 Official Edition, shall be amended by striking the section in its entirety and replacing it with the  
31 following section:-

32 Section 183. No person shall receive or accept from any company or officer or agent  
33 thereof, or any insurance broker, or any other person, any such rebate of premium paid or  
34 payable on the policy or contract, or any special favor or advantage in the dividends or other  
35 benefits to accrue thereon, or any valuable consideration or inducement in an amount greater  
36 than one-hundred dollars , or any cash, or gift cards, not specified in the policy or contract or any

37 policy of workers' compensation insurance, or any motor vehicle liability bond or any motor  
38 vehicle liability policy, both as defined in section thirty-four A of chapter ninety, at a rate  
39 different from that fixed, established or approved by the commissioner. Valuable consideration  
40 or inducement shall not include any advice or services provided by or through an insurance  
41 company, insurance agent, or third party provided by either, related to risk assessment, risk  
42 management tools, claims assistance, claims reduction, administrative consulting, or advice or  
43 services designed to reduce risk, claims or claims expenses. No person shall be excused from  
44 testifying, or from producing any books, papers, contracts, agreements or documents at the trial  
45 of any other person charged with violating any provision of this and the preceding section, on the  
46 ground that such testimony or evidence may tend to incriminate himself; but no person shall be  
47 prosecuted for any act concerning which he shall be compelled so to testify or produce evidence,  
48 documentary or otherwise, except for perjury committed in so testifying.

49 SECTION 3. Section 3 of chapter 176D of the General Laws, as appearing in the 2010  
50 Official Edition, shall be amended by striking paragraph (8) in its entirety and replacing it with  
51 the following paragraph:-

52 (8) Rebates: Except as otherwise expressly provided by law, knowingly permitting or  
53 offering to make or making any insurance contract, including but not limited to a contract for life  
54 insurance, life annuity or accident and health insurance, or agreement as to such contract other  
55 than as plainly expressed in the insurance contract issued thereon, or paying or allowing, or  
56 giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance  
57 or annuity any rebate of premiums payable on the contract, or any special favor or advantage in  
58 the dividends or other benefits thereon, or any valuable consideration or inducement in an  
59 amount greater than one-hundred dollars, or any cash, or gift cards, not specified in the contract;

60 or giving, or selling, or purchasing or offering to give, sell, or purchase as inducement to such  
61 insurance contract, or annuity or in connection therewith, any stocks, bonds, or other securities of  
62 any insurance company or other corporation, association, or partnership, or any dividends or  
63 profits accrued thereon, or anything of value whatsoever not specified in the contract. Valuable  
64 consideration or inducement shall not include any advice or services provided by or through an  
65 insurance company, insurance agent, or third party provided by either, related to risk assessment,  
66 risk management tools, claims assistance, claims reduction, administrative consulting, or advice  
67 or services designed to reduce risk, claims or claims expenses.

68 3791

69 An Act relative to affiliate transfers.

70 SECTION 1. Section 193P of chapter 175 of the General Laws, as appearing in the 2010  
71 Official Edition, is hereby amended by inserting at the end thereof the following new paragraph:  
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73 Nothing in this section shall be construed to require notice if an insurer within the same  
74 group of insurers issues a succeeding policy to the insured that provides coverage on the same  
75 terms and conditions as the preceding policy. Insurers that offer or issue a succeeding policy to  
76 the insured through a different company within the same company group must notify the insured  
77 in writing of any changes in coverage from the preceding policy at the time of issuance.

78 SECTION 2. Section 113F of chapter 175 of

79 the General Laws, as appearing in the 20010 Official Edition, is hereby amended by  
80 inserting in line 47 after the word “company.” the following new paragraph: -

81 Nothing in this section shall be construed to require notice if an insurer within the same  
82 group of insurers issues a succeeding policy to the insured on the same terms and conditions as  
83 the preceding policy. Insurers that offer or issue a succeeding policy to the insured through a  
84 different company within the same company group must notify the insured in writing of any  
85 changes in coverage from the preceding policy at the time of issuance.

86 3795

87 An Act banning the use of credit in underwriting and rating private passenger motor  
88 vehicle insurance.

89 SECTION 1. Chapter 175 of the General Laws is hereby amended by inserting after  
90 Section 4D, as appearing in the 2010 Official Edition, the following section:-

91 Section 4E. No insurer engaged in writing private passenger motor vehicle insurance in  
92 the commonwealth shall, in connection with underwriting of said insurance, refuse to issue or  
93 renew a private passenger motor vehicle insurance policy or bond based on the ownership or  
94 operation of a private passenger motor vehicle based upon credit information, including but not  
95 limited to a numerical credit-based insurance score or credit rating of an insured; and provided,  
96 further, no insurer shall file rates for private passenger motor vehicle insurance, pursuant to  
97 chapter 175E, based on credit information, including but not limited to a numerical credit-based  
98 insurance score or credit rating of an applicant or insured. Nothing in this section shall be  
99 construed to restrict any insurer from obtaining or using its own payment history information or  
100 information contained in an insurance claims history report, a motor vehicle or driver history  
101 report, or any other report from the Massachusetts Registry of Motor Vehicles or its out-of-state  
102 equivalent.

103           SECTION 2. Section 113B of said chapter 175, as so appearing in the 2010 Official  
104 Edition, is hereby amended by adding the following paragraph:- The commissioner shall not fix  
105 or establish any private passenger motor vehicle insurance rates, premium charges, premium  
106 adjustments, or classifications of risks based in whole or in part on credit information relating to  
107 an insured, including but not limited to a numerical credit-based insurance score or credit rating  
108 of an insured; and provided, further, that no insurer, in connection with underwriting private  
109 passenger motor vehicle insurance or bonds based on the ownership or operation of a private  
110 passenger motor vehicle, shall refuse to issue or renew said insurance or bond based upon credit  
111 information, including but not limited to a numerical credit-based insurance score, other credit  
112 rating of an insured or applicant. Nothing in this paragraph shall be construed to restrict any  
113 insurer from obtaining or using its own payment history information or information contained in  
114 an insurance claims history report, a motor vehicle or driver history report, or any other report  
115 from the Massachusetts Registry of Motor Vehicles or its out-of-state equivalent.

116           SECTION 3. Section 4 of chapter 175E of the General Laws, as so appearing in the 2010  
117 Official Edition, inserting after the word "discriminatory", in line 5, the following sentence:- In  
118 connection with private passenger motor vehicle insurance, rates shall not be based in whole or  
119 in part on any credit information relating to an insured, including but not limited to, a numerical  
120 credit-based insurance score or other credit rating of an insured; and provided, further, that no  
121 insurer, in connection with underwriting private passenger motor vehicle insurance or bonds  
122 based on the ownership or operation of a private passenger motor vehicle, shall refuse to issue or  
123 renew said insurance or bond based upon credit information, including but not limited to a  
124 numerical credit-based insurance score or other credit rating of an insured or applicant. Nothing  
125 in this section shall be construed to restrict any insurer from obtaining or using its own payment

126 history information or information contained in an insurance claims history report, a motor  
127 vehicle or driver history report, or any other report from the Massachusetts Registry of Motor  
128 Vehicles or its out-of-state equivalent.