

**The 194th General Court of the Commonwealth of Massachusetts
2025-2026
Bill Summary**

Bill No: H1263

Title: AN ACT RELATIVE TO REDUCING RACIAL AND SOCIOECONOMIC INEQUITIES IN AUTO INSURANCE PREMIUM PRICING

Sponsor: Rep. [Rita A. Mendes](#)

Committee: Financial Services

Hearing Date: May 27, 2025

Reporting Date: July 26, 2025

Similar Matters: S820, S797, H1265

Prior History:

S703 (2023-2024) Study

Current Law:

MGL Chapter 175E Section 4: Outlines standards applicable to making and use of rates

Rates not excessive, inadequate, or discriminatory. Can't be based on credit report.

Rate based on past and prospective claims/loss and to a reasonable rate of return/profit.

System of expense provisions included in the rate can differ based on how individual companies run things.

Risks may be grouped by classifications for rate purposes.

For motor vehicle insurance rates, the commissioner shall establish a classification of risks which shall include a designation of not less than fifteen territories.

Premiums can be reduced if vehicle has safety features. If over 65 years of age, then get a discount of 25% in premiums.

Risks shall not be grouped by gender, marital status, or age (except for those over 65 for discount purposes). Premiums cannot increase due to an at fault accident that doesn't satisfy the criteria of a minor/major accident as defined by section 113B1/2 of chapter 175.

After Jan. 1, 1977, no insurer can base rates on external loss and expense factors without making such modification of such rates as the credibility of its own loss and expense experience allows.

Summary:

Massachusetts would adopt the Connecticut model in determining rates for car insurance. Currently, 100% is based on zip code. It would reduce it to 75% based on zip code and no less than 25% of the state-wide average loss cost indication.

It would be deemed discriminatory if the policy doesn't conform to the new calculation.

This bill adds a new section to Chapter 175E of the General Laws, which governs private passenger motor vehicle insurance rates. The new section provides definitions for key terms and establishes requirements for classification plans and rating factors. Insurers may group risks by territorial classification based on the Commissioner's designation of territories, and each rating plan must assign a weight of no more than 75% to individual territorial loss cost indication and no less than 25% to the state-wide average loss cost indication. Private passenger motor vehicle insurance rates that do not conform to these requirements are deemed to be unfairly discriminatory and subject to disapproval or suspension. The filer must provide a complete and detailed explanation of how it is complying with the requirements. The purpose of the section is to limit the difference in rates and premiums between territories and reduce the disparate impact on policyholders.