

Joint Committee on Financial Services
The 194th General Court of the Commonwealth of Massachusetts
2025-2026
Bill Summary

Bill No: H1303

Title: An Act to provide prompt payment following settlement by insurance company

Sponsor: Rep. Jeffrey N. Roy

Hearing Date: May 13, 2025

Reporting Date: July 12, 2025

Similar Matters: N/A

Prior History:

HD4282 (2019-2020) Late file, Senate took no action

H1226 (2021-2022) Study

Current Law:

M.G.L. Chapter 175 Insurance Section 113A deals with Motor vehicle liability policies; contents; commissioner's approval; options to purchase policies or bonds; notice of reduced or eliminated coverages.

No cancellation valid unless written notice with reason given 20 days prior to cancellation. Cancellation not valid unless insurance company has certificate of mailing receipt from the United States Postal Service. If the insured cancels policy and has paid the premium already, the insured is entitled to a refund of the difference between date filing for cancellation and the date the policy ends.

The policy ends when insured sells or transfer title of vehicle or trailer.

If an insurance company no longer is able to work in Massachusetts, the insured is entitled to a refund of the difference between the date when company is no longer eligible and the date the policy ends.

If the insured violates some of the terms of the policy/ makes false statements to secure the policy, a third party would still be able to receive their claim after a lawsuit.

If the insured goes bankrupt and loses possession of their vehicle, the policy would cover the legal representative of their estate. If the insured dies, the policy would cover any blood relative or spouse to the same extent as if they owned the policy until the appointment of the legal representative of the deceased.

A policy covering a vehicle being transferred will cover the newly acquired vehicle for 7 calendar days following the date of the transfer provided that the newly acquired vehicle retains the license plate of the previous vehicle.

Policy can cover multiple vehicles. Insurance companies can offer binders that provide temporary coverage in lieu of full policy. Insurers can offer policies for 1-2 years. Length of coverage can be less than a year for motorcycles and recreational vehicles.

Insurance company must provide printed notice if policy changes/reduced. If don't provide notice and explanation of changes, original terms applies.

Summary:

Any insurer, who has agreed to pay full or partial damages through a settlement, has to pay the amount due within 21 days.

Corrections:

Chapter 175 of the General laws is hereby amended by inserting ~~the following~~ **at the end of**

Section 113A:

When an action to recover damages has been settled, any insurer which has agreed to pay all or part of the settlement on behalf of a settling defendant, shall pay the amount due to any settling plaintiff within twenty-one days of tender by the settling plaintiff to the settling defendant of a duly executed release executed.