

HOUSE No. 2194

The Commonwealth of Massachusetts

PRESENTED BY:

Sarah K. Peake

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 Massachusetts homeowners' insurance rate filings.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Sarah K. Peake</i>	<i>4th Barnstable</i>
<i>Timothy R. Whelan</i>	<i>1st Barnstable</i>
<i>Susan Williams Gifford</i>	<i>2nd Plymouth</i>
<i>James M. Cantwell</i>	<i>4th Plymouth</i>
<i>Robert M. Koczera</i>	<i>11th Bristol</i>
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>

HOUSE No. 2194

By Ms. Peake of Provincetown, a petition (accompanied by bill, House, No. 2194) of Sarah K. Peake and others relative to homeowners insurance rate filings that include charges for expected hurricane losses or catastrophes. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 926 OF 2015-2016.]

The Commonwealth of Massachusetts

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

An Act relative to Massachusetts homeowners’ insurance rate filings.

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 5 of chapter 174A of the General Laws, as appearing in the 2014
2 official edition, is hereby amended by striking the last sentence of paragraph 3 and inserting after
3 paragraph 3 the following new paragraphs:

4 4. In any homeowners insurance rate filing that includes a charge for expected hurricane
5 losses based on the output of a hurricane model (whether as a hurricane load or as a component
6 of a reinsurance charge), the insurance company has the burden to demonstrate in the filing that
7 (i) the frequency or incidence of hurricanes of each category 3, 4, and 5 respectively used for
8 determining the filed hurricane losses in the model is no greater than the historical frequency or
9 incidence of each such category of hurricane at the time of landfall in Massachusetts in the long-
10 term HURDAT database, and (ii) the damage or vulnerability function in the model used for

11 determining the filed hurricane losses in the model accurately reflects the damageability or
12 vulnerability of homes in Massachusetts.

13

14 5. In any homeowners insurance rate filing that includes a charge in rates for the cost of
15 reinsurance for expected hurricane or other catastrophe losses, the insurance company shall have
16 the burden of showing in the filing the dollar amount of expected hurricane or other catastrophe
17 losses covered by the reinsurance and the means by which such amount is determined. No
18 amount of or charge for reinsurance shall be included in the calculation of homeowners rates that
19 is more than 100% greater than the amount of the expected hurricane or other catastrophe losses
20 covered by reinsurance.

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22 6. In any homeowners insurance rate filing that includes a charge for expected hurricane
23 losses, the insurance company shall include actuarially reasonable discounts, credits, or other
24 rate differentials, or appropriate reductions in deductibles, for properties on which fixtures or
25 construction techniques demonstrated to reduce the amount of loss in a windstorm have been
26 installed or implemented. Such fixtures or construction techniques shall include, but not be
27 limited to, fixtures or construction techniques which enhance roof strength, roof covering
28 performance, roof-to-wall strength, wall-to-floor-to foundation strength, opening protection, and
29 window, door, and skylight strength.

30 SECTION 2. Section 7 (a) of chapter 174A of the General Laws, as so appearing, is
31 hereby amended by striking the word “he” in line 2 and inserting the words “or upon motion of
32 the Attorney General, the Commissioner”, and further by inserting after the first sentence the

33 following: “In a hearing under this section, any party may obtain discovery of all materials,
34 including models and calculations, pertinent to the filing.”

35 SECTION 3. Section 7 (b) of chapter 174A of the General Laws, as so appearing, is
36 hereby amended by inserting after the first paragraph, the following new paragraph: If the
37 Commissioner determines that any already effective premium is excessive, he shall order a
38 specific decrease in that premium to be effective six months from the date of the filing under
39 consideration. He shall order a specific decrease irrespective of whether any insurance company
40 or rating organization has filed for a decrease in any premium rate.

41 SECTION 4. Section 5 of chapter 175C of the General Laws, as so appearing, is hereby
42 amended by inserting at the end of section (b) the following: “and provided further, that if the
43 commissioner determines that any already effective premium is excessive, he shall order a
44 specific decrease in that premium to be effective six months from the date of the filing under
45 consideration. He shall order a specific decrease irrespective of whether any insurance company
46 or rating organization has filed for a decrease in any premium rate.”

47 SECTION 5. Subsection (c) of section 5 of chapter 175C of the General Laws, as so
48 appearing, is further amended by inserting, in line 113, after the word “territories”, the following:
49 “provided that (1) the association shall have the burden to demonstrate in the filing that (i) the
50 frequency or incidence of hurricanes of each category 3, 4, and 5 respectively used for
51 determining the filed hurricane losses in the model is no greater than the historical frequency or
52 incidence of each such category of hurricane at the time of landfall in Massachusetts in the long-
53 term HURDAT database, and (ii) the damage or vulnerability function in the model used for
54 determining the filed hurricane losses in the model accurately reflects the damageability or

55 vulnerability of homes in Massachusetts, (2) the association shall have the burden of showing in
56 the filing the dollar amount of expected hurricane or other catastrophe losses covered by the
57 reinsurance and the means by which such amount is determined, and no amount of or charge for
58 reinsurance shall be included in the calculation of homeowners rates that is more than 100%
59 greater than the amount of the expected hurricane or other catastrophe losses covered by
60 reinsurance, and (3) the association shall include actuarially reasonable discounts, credits, or
61 other rate differentials, or appropriate reductions in deductibles, for properties on which fixtures
62 or construction techniques demonstrated to reduce the amount of loss in a windstorm have been
63 installed or implemented. Such fixtures or construction techniques shall include, but not be
64 limited to, fixtures or construction techniques which enhance roof strength, roof covering
65 performance, roof-to-wall strength, wall-to-floor-to foundation strength, opening protection, and
66 window, door, and skylight strength. In a hearing under this section, any party may obtain
67 discovery of all materials, including models and calculations, pertinent to the filing.”