

**HOUSE . . . . . No. 926**

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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. Madden</i>	<i>Barnstable, Dukes and Nantucket</i>
<i>Ann-Margaret Ferrante</i>	<i>5th Essex</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>
<i>Robert M. Koczera</i>	<i>11th Bristol</i>
<i>Michael O. Moore</i>	<i>Second Worcester</i>
<i>James M. Cantwell</i>	<i>4th Plymouth</i>
<i>Brian R. Mannal</i>	<i>2nd Barnstable</i>
<i>Timothy R. Whelan</i>	<i>1st Barnstable</i>
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>

**HOUSE . . . . . No. 926**

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By Ms. Peake of Provincetown, a petition (accompanied by bill, House, No. 926) of Sarah K. Peake and others relative to homeowners insurance rate filings that include charges for expected hurricane losses or catastrophes. Financial Services.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 963 OF 2013-2014.]

**The Commonwealth of Massachusetts**

—————  
**In the One Hundred and Eighty-Ninth General Court  
(2015-2016)**  
—————

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. Chapter 174A, Section 5 of the General Laws is hereby amended by  
2 striking the last sentence of paragraph 3 and inserting after paragraph 3 the following new  
3 paragraphs 4, 5, and 6:

4

5           4. In any homeowners insurance rate filing that includes a charge for expected  
6 hurricane losses based on the output of a hurricane model (whether as a hurricane load or as a  
7 component of a reinsurance charge), the insurance company has the burden to demonstrate in the  
8 filing that (i) the frequency or incidence of hurricanes of each category 3, 4, and 5 respectively  
9 used for determining the filed hurricane losses in the model is no greater than the historical

10 frequency or incidence of each such category of hurricane at the time of landfall in  
11 Massachusetts in the long-term HURDAT database, and (ii) the damage or vulnerability function  
12 in the model used for determining the filed hurricane losses in the model accurately reflects the  
13 damageability or vulnerability of homes in Massachusetts.

14

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

22

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

31

32 SECTION 2. Chapter 174A, Section 7 (a) of the General Laws is hereby amended by  
33 striking the word “he” in the first sentence and inserting the words “or upon motion of the  
34 Attorney General, the Commissioner”, and by inserting after the first sentence the following  
35 words: “In a hearing under this section, any party may obtain discovery of all materials,  
36 including models and calculations, pertinent to the filing.”

37

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

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

50

51 Section 5 of Chapter 175C of the General Laws is further amended by inserting at the end  
52 of the third sentence of section (c) the words: “provided that (1) the association shall have the  
53 burden to demonstrate in the filing that (i) the frequency or incidence of hurricanes of each

54 category 3, 4, and 5 respectively used for determining the filed hurricane losses in the model is  
55 no greater than the historical frequency or incidence of each such category of hurricane at the  
56 time of landfall in Massachusetts in the long-term HURDAT database, and (ii) the damage or  
57 vulnerability function in the model used for determining the filed hurricane losses in the model  
58 accurately reflects the damageability or vulnerability of homes in Massachusetts, (2) the  
59 association shall have the burden of showing in the filing the dollar amount of expected  
60 hurricane or other catastrophe losses covered by the reinsurance and the means by which such  
61 amount is determined, and no amount of or charge for reinsurance shall be included in the  
62 calculation of homeowners rates that is more than 100% greater than the amount of the expected  
63 hurricane or other catastrophe losses covered by reinsurance, and (3) the association shall include  
64 actuarially reasonable discounts, credits, or other rate differentials, or appropriate reductions in  
65 deductibles, for properties on which fixtures or construction techniques demonstrated to reduce  
66 the amount of loss in a windstorm have been installed or implemented. Such fixtures or  
67 construction techniques shall include, but not be limited to, fixtures or construction techniques  
68 which enhance roof strength, roof covering performance, roof-to-wall strength, wall-to-floor-to  
69 foundation strength, opening protection, and window, door, and skylight strength. In a hearing  
70 under this section, any party may obtain discovery of all materials, including models and  
71 calculations, pertinent to the filing.”