

SENATE No. 539

The Commonwealth of Massachusetts

PRESENTED BY:

Michael J. Barrett

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 transparency in homeowners insurance rate setting.

PETITION OF:

NAME:

Michael J. Barrett

DISTRICT/ADDRESS:

Third Middlesex

SENATE No. 539

By Mr. Barrett, a petition (accompanied by bill, Senate, No. 539) of Michael J. Barrett for legislation relative to transparency in homeowners insurance rate setting. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 496 OF 2017-2018.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act relative to transparency in homeowners insurance rate setting.

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 2016
2 Official Edition, is hereby amended by inserting after the fourth paragraph the following
3 paragraph:-

4 4. For homeowners’ multi-peril insurance, rate classes may be based on any differences
5 among risks that can be demonstrated to have a probable effect upon losses or expenses;
6 provided, however, that such classes shall not be based on non-risk-related factors, including but
7 not limited to policyholders’ price elasticity of demand.

8 SECTION 2. Section 6 of chapter 174A of the General Laws, as so appearing, is hereby
9 amended by striking out, in lines 22 and 23, the words “after the filing becomes effective.” and

10 inserting in place thereof the following words:- “at all times after initial filing, and shall be made
11 available to the public online within 3 business days after initial filing.”.

12 SECTION 3. Section 7 of chapter 174A of the General Laws, as so appearing, is hereby
13 amended by striking out the fourth paragraph and inserting in place thereof the following
14 paragraphs:-

15 (c) The attorney general may request a hearing, and the commissioner shall grant such
16 request, with regard to any filing that in the attorney general’s opinion may not meet the
17 requirements of this chapter. The attorney general may request a hearing on no more than four
18 filings per year. The commissioner shall, within thirty days after receipt of such request, hold a
19 hearing upon not less than ten days’ written notice to the attorney general and to every insurer
20 and rating organization that made such filing. If, after such hearing, the commissioner finds that
21 the filing does not meet the requirements of this chapter, he shall issue an order specifying in
22 what respects he finds that such filing fails to meet the requirements of this chapter, and stating
23 that the filing shall not take effect, or, if it has already taken effect, stating when, within a
24 reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said
25 order shall be sent to the attorney general and to every such insurer and rating organization.

26 (d) The commissioner may also call a hearing at any time prior to the proposed effective
27 date of any filing or any later effective date called for by order made pursuant to this chapter. If
28 after such hearing the commissioner finds that any such filing will not meet the requirements of
29 this chapter, said filing shall not take effect.

30 SECTION 4. Chapter 175 of the General Laws is hereby amended by striking out section
31 4B, as appearing in the 2016 Official Edition, and replacing it with the following section:-

32 Section 4B. The commissioner, each year, shall direct and cause all insurers writing
33 policies for homeowners insurance in the commonwealth, and the joint underwriting association
34 formed pursuant to the provisions of chapter one hundred and seventy-five C, to submit directly
35 for his inspection and examination a tabulation and report, for each postal zip code in the
36 commonwealth, of the number of effected cancellations and number of effected non-renewals of
37 homeowners policies covering properties within such zip codes. Insurers shall list the basis for
38 each cancellation and non-renewal. Bases for cancellations shall be limited to those listed in
39 section ninety-nine, twelfth, of this chapter. Bases for non-renewals shall include material
40 change in the condition of the property, material change to the risk, loss history, insurer no
41 longer writing insurance in the locality, and such other specific enumerated reasons as the
42 commissioner shall permit. The numbers of cancellations and non-renewals by each insurer shall
43 be published annually on the division’s website; provided, however, that the personal privacy of
44 policyholders shall be preserved and any individual policyholder data furnished pursuant hereto
45 shall be deemed materials described in subclause (c) of clause twenty-sixth of section seven of
46 chapter four.

47 SECTION 5. The fourth paragraph of section 5 of chapter 175A of the General Laws, as
48 so appearing, is hereby amended by adding the following sentence:-

49 Such standards and classifications shall not be based on non-risk-related factors,
50 including but not limited to policyholders’ price elasticity of demand.

51 SECTION 6. Section 6 of chapter 175A of the General Laws, as so appearing, is hereby
52 amended by striking out, in lines 22 and 23, the words “after the filing becomes effective.” and

53 inserting in place thereof the following words:- “at all times after initial filing, and shall be made
54 available to the public online within three business days after initial filing.”.

55 SECTION 7. Section 7 of chapter 175A of the General Laws, as so appearing, is hereby
56 amended by striking out the third paragraph and inserting in place thereof the following
57 paragraphs:-

58 (c) The attorney general may request a hearing, and the commissioner shall grant such
59 request, with regard to any filing that in the attorney general’s opinion may not meet the
60 requirements of this chapter. The attorney general may request a hearing on no more than four
61 filings per year. The commissioner shall, within thirty days after receipt of such request, hold a
62 hearing upon not less than ten days’ written notice to the attorney general and to every insurer
63 and rating organization that made such filing. If, after such hearing, the commissioner finds that
64 the filing does not meet the requirements of this chapter, he shall issue an order specifying in
65 what respects he finds that such filing fails to meet the requirements of this chapter, and stating
66 that the filing shall not take effect, or, if it has already taken effect, stating when, within a
67 reasonable period thereafter, such filing shall be deemed no longer effective. Copies of said
68 order shall be sent to the attorney general and to every such insurer and rating organization.

69 (d) The commissioner may also call a hearing at any time prior to the proposed effective
70 date of any filing or any later effective date called for by order made pursuant to this chapter. If
71 after such hearing the commissioner finds that any such filing will not meet the requirements of
72 this chapter, said filing shall not take effect.