SENATE DOCKET, NO. 819 FILED ON: 1/17/2013

SENATE . . . . . No. 438

The Commonwealth of Massachusetts

PRESENTED BY:

Barry R. Finegold

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 passage of the accompanying:

An Act promoting the transparency of automobile insurance surcharges.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Barry R. Finegold	*Second Essex and Middlesex*

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SENATE . . . . . No. 438

By Mr. Finegold, a petition (accompanied by bill, Senate, No. 438) of Barry R. Finegold for legislation to promote the transparency of automobile insurance surcharges. Financial Services.

The Commonwealth of Massachusetts

An Act promoting the transparency of automobile insurance surcharges.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 175 of the General Laws is hereby amended by inserting after section 113W the following section:-

Section 113X. (a) Prior to accepting any initial automobile insurance premium payment, an insurer or its agent shall provide a surcharge disclosure statement to any person who applies for a policy. Said surcharge disclosure statement shall include: (1) a description of the insurer's merit rating plan; (2) a list of surchargeable events; and (3) circumstances where a surcharge may be removed or refunded. The insurer may provide the surcharge disclosure statement on the insurer's website in lieu of providing the disclosure statement to the applicant in writing if it is easily accessible, and the insurer or agent notify the applicant orally or in writing of its availability for review on the insurer's website prior to accepting the initial payment, and if the insurer so notifies the applicant of the availability of a written version of this statement upon the applicant's request. The insurer shall provide the surcharge disclosure statement in writing if requested by the applicant. An oral notice shall be presumed delivered if the agent or insurer makes a contemporaneous notation in the applicant's record of the notice having been delivered or if the insurer or agent retains an audio recording of the notification provided to the applicant.

(b) Every authorized insurer shall clearly disclose automobile insurance premium surcharges to individual insureds by specifying the nature of each premium surcharge applied on a noncommercial motor vehicle insurance policy. The insurer shall also specify the total dollar amount attributable to all surcharges. The disclosures shall be made on either the premium bill or a notice accompanying the premium bill, when the surcharge is initially made and thereafter at each policy renewal.

(c) The commissioner shall promulgate rules and regulations providing noncommercial motor vehicle insureds with clear notice of premium surcharges under all merit rating plans. Such regulations shall provide that where a policy has been surcharged under an independent

25 merit rating plan, the insurer shall state prominently on the premium bill or on a notice
26 accompanying the premium bill, the following, or its substantive equivalent: "YOUR
27 PREMIUM REFLECTS A SURCHARGE AND, THEREFORE, IS HIGHER THAN IT
28 OTHERWISE WOULD BE BECAUSE, DURING THE MEASURING EXPERIENCE
29 PERIOD WHICH APPLIED TO YOUR INSURANCE, YOU HAD ONE OR MORE
30 CHARGEABLE ACCIDENTS OR CHARGEABLE TRAFFIC CONVICTIONS UNDER OUR
31 MERIT RATING PLAN. THE ATTACHED DESCRIPTION OF OUR MERIT RATING PLAN
32 INCLUDES A LIST OF EVENTS FOR WHICH WE MAY SURCHARGE YOU AND THE
33 CIRCUMSTANCES UNDER WHICH SURCHARGES MAY BE REMOVED OR
34 REFUNDED. IF YOU HAVE ANY QUESTIONS, YOU MAY WISH TO CONSULT YOUR
35 [AGENT OR BROKER] OR CALL US AT [COMPANY TELEPHONE NO. _____]."

36 (d) Every authorized insurer shall create a website where customers can compute
37 potential surcharges and other premium increases based on enumerated variables.

38 SECTION 2. Notwithstanding any general or special law to the contrary, the
39 commissioner of insurance shall promulgate rules and regulations under section 113X of chapter
40 175 of the General Laws on or before October 1, 2013.