

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

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**William N. Brownsberger**

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*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 bill:

An Act relative to the funding, staffing, and market conduct examinations of the Division of Insurance .

PETITION OF:

NAME:	DISTRICT/ADDRESS:
William N. Brownsberger	24th Middlesex
John Hayes	5 Colonial Terrace, Belmont, MA 02478

# The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine  
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## AN ACT RELATIVE TO THE FUNDING, STAFFING, AND MARKET CONDUCT EXAMINATIONS OF THE DIVISION OF INSURANCE .

*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 8C of Chapter 26 of the General Laws of  
2 Massachusetts, as appearing in the 2006 Official Edition, is hereby amended by  
3 striking out the first two paragraphs in lines 1 through 19, and inserting in place  
4 thereof the following:

5           The commissioner of insurance shall make an assessment in each fiscal year  
6 against all licensed insurers in the commonwealth. Such assessment shall be  
7 deposited into the Division of Insurance Trust Fund. All monies deposited into the  
8 trust fund shall be expended, without appropriation, exclusively by the division of  
9 insurance. Such assessment shall be made at a rate sufficient to produce fifteen  
10 million dollars (\$15,000,000) in the fiscal year two thousand and eight, and shall  
11 be increased annually thereafter by a rate equal to the most recent annual consumer  
12 price index calculated by the Bureau of Labor Statistics of the United States  
13 Department of Labor for the northeast region for all urban consumers. In addition  
14 to such assessment, the commissioner of insurance shall also collect an amount  
15 equal to indirect costs as determined by the commissioner for administration, and  
16 for the persons within the division, an amount equal to the cost of fringe benefits as  
17 established by the commissioner of administration. Said amounts shall be  
18 expended, without appropriation, for such indirect costs and for such persons'  
19 fringe benefits. If the commissioner of insurance shall fail to expend any money  
20 collected under this paragraph in any fiscal year other than monies collected for  
21 fringe benefit and indirect costs, such unexpended amount shall be credited against  
22 the assessment to be made in the following year so that the assessment in the

23 following year shall be reduced accordingly. Funds collected under this section  
24 may be used to compensate consultants retained by the division and to defray its  
25 reasonable operating expenses and administrative overhead costs. The amounts to  
26 be so assessed shall be made against all licensed domestic companies and foreign  
27 companies in proportion to their net premiums written and annuity considerations  
28 in the commonwealth as shown in the most recent annual report available of each  
29 of said insurers filed with the division. The assessment, including the collection  
30 for indirect costs and fringe benefits, shall be collected by the commissioner of  
31 insurance. All licensed insurers shall pay the amount assessed within thirty days  
32 after the date of the notice of assessment from the commissioner.

33 Within the division there shall be, as determined by the commissioner,  
34 adequate numbers of actuary-statisticians, mathematicians, and certified public  
35 accountants; provided, however, that at a minimum the staffing requirements set  
36 forth in sections eight E through eight I of chapter twenty-six shall be met. Each  
37 actuary-statistician shall be a member of the casualty actuarial society or society of  
38 actuaries or shall have attained a doctoral degree in a related discipline. Each  
39 mathematician shall be engaged in a program of study recommended by the  
40 casualty actuarial society or shall have substantial mathematical and statistical  
41 training. All actuary-statisticians, mathematicians, and certified public  
42 accountants in the division shall be appointed by the commissioner, shall be  
43 exempt from the provisions of chapters thirty and thirty-one, and shall be paid  
44 salaries set at levels determined to be appropriate by the commissioner, giving due  
45 consideration to the salary levels of actuary-statisticians, mathematicians, and  
46 certified public accountants employed in the private sector.

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48 SECTION 2. Chapter 26 of the General Laws, as above, is further amended  
49 by adding after Section 8J the following new section:

50 Section 8K. Market conduct examinations.

51 The division shall regularly perform market conduct examinations, and shall  
52 annually report in April to the Legislature:

53 a) The substance and scope of each open market conduct examination;

54 b) The substance, scope, and resolution of each market conduct  
55 examination completed in the five previous calendar years;

56 c) The names of division full-time employees devoted solely to market  
57 conduct activities;

58 d) For each of the states of Connecticut, New York, Pennsylvania, New  
59 Jersey, Florida, and Michigan, and for any state whose insurance industry net  
60 premiums written in such state is similar to those written in the commonwealth:

61 i) The substance and scope of each open market conduct  
62 examination in such state;

63                   ii)     The substance, scope, and resolution of each market conduct  
64 examination completed in such state in the most recent twelve-month period for  
65 which said information is available from such state; and,

66                   iii)     The number of full-time employees in the insurance department  
67 of such state that are devoted solely to market conduct activities;

68                   e)     Any other market conduct information deemed relevant by the  
69 commissioner.

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71 SECTION 3. This act shall take effect upon passage.

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