

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

John F. Quinn

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 coverage for insurance losses by windstorm and hail through the
Massachusetts Property Insurance Underwriting Association.

PETITION OF:

NAME:

John F. Quinn

DISTRICT/ADDRESS:

9th Bristol

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 1062 OF 2007-2008.]

The Commonwealth of Massachusetts

—————
In the Year Two Thousand and Nine
—————

AN ACT RELATIVE TO COVERAGE FOR INSURANCE LOSSES BY WINDSTORM AND HAIL THROUGH THE MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION.

*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 1 of chapter 175C of the General Laws, as so appearing in the 2004 Official Edition, is
2 hereby amended by inserting in line 9 after the word “commissioner” the following: and insurance coverage against
3 direct losses to property, both residential and commercial, as a result of windstorm and hail as a separate, stand-
4 alone policy, filed with and accepted by the commissioner, and insurance coverage against direct loss to property
5 excluding wind and hail coverage as defined and limited in the standard fire policy, filed with and accepted by the
6 commissioner,
7

8 SECTION 2. Section 1 of chapter 175C of the General Laws, as so appearing in the 2004 Official Edition, is hereby
9 further amended by adding the following definition:-
10 “Losses”, direct incurred losses, including damage from wind, hail, wind-borne debris, or wind-borne water under
11 the separate, stand-alone wind and hail policy, which shall include additional living expenses not to exceed .40
12 percent of the insured value of the residential structure or its contents and shall exclude loss adjustment expenses;
13 except that “losses” shall not include losses for fair rental value, loss of rent or rental income, or business
14 interruption insurance;
15

16 SECTION 3. Section 5 of chapter 175C of the General Laws, as so appearing, in hereby amended by inserting in
17 line 73 after the words “175A;” the following:- provided, further, that the association may make separate rate filings
18 in accordance with chapter 174A and chapter 175A for the separate, stand-alone residential and commercial
19 windstorm and hail policies and said rates must be actuarially sound, and premiums collected from said policies
20 shall be accounted for separately by the association; and provided, further, that the commissioner shall, with respect
21 to the separate, stand-alone residential and commercial windstorm and hail policies, consider the cost of predicted
22 losses by averaging the losses as predicted by a minimum of two of the hurricane prediction modelers measured by
23 the market share of the insurers who use their models in Massachusetts and the cost of catastrophe reinsurance
24 irrespective of actual purchase of reinsurance.
25

26 SECTION 4. Section 8 of chapter 175C of the General Laws, as so appearing is hereby amended by adding the
27 following paragraph:-

28 (c) With respect to premiums charged for the stand-alone wind and hail insurance policies, if, upon the occurrence
29 of a covered event, it is determined that the funds available are insufficient to pay claims, the commissioner is
30 authorized to levy an emergency assessment on each insurance company in an amount in the proportion that the
31 premiums earned in the commonwealth during the preceding calendar year by each such company. An insurer shall
32 collect said assessment at the same time it collects the premium payment for each policy and shall remit the
33 assessment collected to the association as provided in the order issued by the commissioner. The division of
34 insurance shall verify the accurate and timely collection and remittance of emergency assessment. Each insurer
35 collecting assessments shall provide the information with respect to premiums and collections that may be required
36 by the commissioner for verification of compliance with this subsection.