

HOUSE No. 917

By Mr. Brownsberger of Belmont, petition of William N. Brownsberger and others relative to the funding, staffing and market conduct examinations of the Division of Insurance. Financial Services.

The Commonwealth of Massachusetts

PETITION OF:

William N. Brownsberger Anne M. Paulsen
John Hayes

In the Year Two Thousand and Seven.

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 2004 Official Edition, is hereby
3 amended by striking out the first two paragraphs in lines 1 through
4 19, and inserting in place thereof the following:
5 The commissioner of insurance shall make an assessment in each
6 fiscal year against all licensed insurers in the commonwealth. Such
7 assessment shall be deposited into the Division of Insurance Trust
8 Fund. All monies deposited into the trust fund shall be expended,
9 without appropriation, exclusively by the division of insurance.
10 Such assessment shall be made at a rate sufficient to produce fifteen
11 million dollars (\$15,000,000) in the fiscal year two thousand and
12 eight, and shall be increased annually thereafter by a rate equal to
13 the most recent annual consumer price index calculated by the
14 Bureau of Labor Statistics of the United States Department of Labor
15 for the northeast region for all urban consumers. In addition to such
16 assessment, the commissioner of insurance shall also collect an
17 amount equal to indirect costs as determined by the commissioner
18 for administration, and for the persons within the division, an
19 amount equal to the cost of fringe benefits as established by the
20 commissioner of administration. Said amounts shall be expended,

21 without appropriation, for such indirect costs and for such persons'
22 fringe benefits. If the commissioner of insurance shall fail to expend
23 any money collected under this paragraph in any fiscal year other
24 than monies collected for fringe benefit and indirect costs, such
25 unexpended amount shall be credited against the assessment to be
26 made in the following year so that the assessment in the following
27 year shall be reduced accordingly. Funds collected under this
28 section may be used to compensate consultants retained by the divi-
29 sion and to defray its reasonable operating expenses and administra-
30 tive overhead costs. The amounts to be so assessed shall be made
31 against all licensed domestic companies and foreign companies in
32 proportion to their net premiums written and annuity considerations
33 in the commonwealth as shown in the most recent annual report
34 available of each of said insurers filed with the division. The assess-
35 ment, including the collection for indirect costs and fringe benefits,
36 shall be collected by the commissioner of insurance. All licensed
37 insurers shall pay the amount assessed within thirty days after the
38 date of the notice of assessment from the commissioner.

39 Within the division there shall be, as determined by the commis-
40 sioner, adequate numbers of actuary-statisticians, mathematicians,
41 and certified public accountants; provided, however, that at a min-
42 imum the staffing requirements set forth in sections eight E through
43 eight I of chapter twenty-six shall be met. Each actuary-statistician
44 shall be a member of the casualty actuarial society or society of actu-
45 aries or shall have attained a doctoral degree in a related discipline.
46 Each mathematician shall be engaged in a program of study recom-
47 mended by the casualty actuarial society or shall have substantial
48 mathematical and statistical training. All actuary-statisticians, math-
49 ematicians, and certified public accountants in the division shall be
50 appointed by the commissioner, shall be exempt from the provisions
51 of chapters thirty and thirty-one, and shall be paid salaries set at
52 levels determined to be appropriate by the commissioner, giving due
53 consideration to the salary levels of actuary-statisticians, mathemati-
54 cians, and certified public accountants employed in the private
55 sector.

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

3 Section 8K. Market conduct examinations.

4 The division shall regularly perform market conduct examina-
5 tions, and shall annually report in April to the Legislature:

6 a) The substance and scope of each open market conduct exami-
7 nation;

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

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

12 d) For each of the states of Connecticut, New York, Pennsylvania,
13 New Jersey, Florida, and Michigan, and for any state whose insur-
14 ance industry net premiums written in such state is similar to those
15 written in the commonwealth:

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

18 ii) The substance, scope, and resolution of each market con-
19 duct examination completed in such state in the most recent twelve-
20 month period for which said information is available from such
21 state; and,

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

25 e) Any other market conduct information deemed relevant by the
26 commissioner.