

HOUSE No. 1062

By Mr. Quinn of Dartmouth, petition of John F. Quinn and others relative to coverage for insurance losses by windstorm and hail through the Massachusetts Property Insurance Underwriting Association. Financial Services.

The Commonwealth of Massachusetts

PETITION OF:

John F. Quinn	Stephen R. Canessa
Joan M. Menard	Frank M. Hynes
Robert M. Koczera	Mark R. Pacheco
Jeffrey Davis Perry	Elizabeth A. Poirier

In the Year Two Thousand and Seven.

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

1 SECTION 2. Section 1 of chapter 175C of the General Laws, as
2 so appearing in the 2004 Official Edition, is hereby further amended
3 by adding the following definition:—
4 “Losses”, direct incurred losses, including damage from wind,
5 hail, wind-borne debris, or wind-borne water under the separate,
6 stand-alone wind and hail policy, which shall include additional

7 living expenses not to exceed .40 percent of the insured value of the
8 residential structure or its contents and shall exclude loss adjustment
9 expenses; except that “losses” shall not include losses for fair rental
10 value, loss of rent or rental income, or business interruption insur-
11 ance;

1 SECTION 3. Section 5 of chapter 175C of the General Laws, as
2 so appearing, is hereby amended by inserting in line 73 after the
3 words “175A;” the following:— provided, further, that the associa-
4 tion may make separate rate filings in accordance with chapter 174A
5 and chapter 175A for the separate, stand-alone residential and com-
6 mercial windstorm and hail policies and said rates must be actuari-
7 ally sound, and premiums collected from said policies shall be
8 accounted for separately by the association; and provided, further,
9 that the commissioner shall, with respect to the separate, stand-alone
10 residential and commercial windstorm and hail policies, consider the
11 cost of predicted losses by averaging the losses as predicted by a
12 minimum of two of the hurricane prediction modelers measured by
13 the market share of the insurers who use their models in Massachu-
14 setts and the cost of catastrophe reinsurance irrespective of actual
15 purchase of reinsurance.

1 SECTION 4. Section 8 of chapter 175C of the General Laws, as
2 so appearing is hereby amended by adding the following para-
3 graph:—
4 (c) With respect to premiums charged for the stand-alone wind
5 and hail insurance policies, if, upon the occurrence of a covered
6 event, it is determined that the funds available are insufficient to pay
7 claims, the commissioner is authorized to levy an emergency assess-
8 ment on each insurance company in an amount in the proportion that
9 the premiums earned in the commonwealth during the preceding cal-
10 endar year by each such company. An insurer shall collect said
11 assessment at the same time it collects the premium payment for
12 each policy and shall remit the assessment collected to the associa-
13 tion as provided in the order issued by the commissioner. The divi-
14 sion of insurance shall verify the accurate and timely collection and
15 remittance of emergency assessment. Each insurer collecting assess-
16 ments shall provide the information with respect to premiums and
17 collections that may be required by the commissioner for verifica-
18 tion of compliance with this subsection.