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LINDA RUTHARDT
COMMISSIONER OF INSURANCE

BULLETIN 01-02

To: All Licensees

From: Linda Ruthardt, Commissioner of Insurance

Re: Internet Practices

Date: February 09, 2001

This Bulletin is intended to remind licensees of their obligations in the emerging realm of the Internet and the insurance marketplace.

INSURERS

An insurer who maintains an Internet website is performing the same function as was previously the case when advertising or offering insurance through, for example, a magazine advertisement.

An admitted insurer must indicate that it is licensed in Massachusetts and display on its website its exact name as it appears on its license or certificate of authority, together with the address of its principal office.

It is any nonadmitted insurer's responsibility not to sell to a consumer physically present in Massachusetts.

A nonadmitted insurer's website which enables a consumer who is physically present in Massachusetts to obtain a policy without it being procured by and through a licensed Massachusetts surplus line broker would be in violation of Massachusetts law.

The above guidelines also apply to surplus lines insurance.

PRODUCERS

An insurance producer who maintains an Internet website is performing the same function as was previously the case when advertising or offering insurance through, for example, a magazine advertisement.

A licensed insurance producer must indicate that it is licensed in Massachusetts and display on its website its exact name as it appears on its license, together with the address of its principal office. If an approved name for the purposes of doing business (d/b/a name) is used on the website, the exact name as shown on the license must also appear on the website.

It is the nonlicensed producer's responsibility not to sell to a consumer physically present in Massachusetts.

The above guidelines also apply to surplus lines insurance.

ALL MASSACHUSETTS LICENSEES

All Massachusetts licensees must establish appropriate standards relating to privacy of customer records and information, such standards must include administrative, technical and physical safeguards. On this particular issue, the Division of Insurance may require each licensee to inform the Division of the policies or safeguards, if any, that it currently has in place to:

(a) insure the security and confidentiality of customer records and information containing nonpublic personal information;

(b) protect against any anticipated threats or hazards to the security or integrity of such records and information; and

(c) protect against unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to any customer.

All other provisions of Massachusetts law will, of course, be applicable and the Division of Insurance reiterates that licensees and all others subject to Massachusetts law should remain in compliance at all times.

Any questions about this Bulletin should be directed to the Office of the General Counsel at 617-521-7309.