THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF CONSUMER AFFAIRS
DIVISION OF INSURANCE
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KAY DOUGHTY
COMMISSIONER

BULLETIN 91-02

TO: ALL INSURERS, AGENTS, BROKERS AND EXCLUSIVE REPRESENTATIVE PRODUCERS ENGAGED IN ISSUING OR PLACING PRIVATE PASSENGER AUTOMOBILE INSURANCE IN THE COMMONWEALTH

FROM: KAY DOUGHTY, COMMISSIONER OF INSURANCE

DATE: OCTOBER 1, 1991

RE: PRIVATE PASSENGER AUTOMOBILE COLLISION COVERAGE (PART 7) WAIVER OF DEDUCTIBLE

The Division has received a number of complaints from consumers who have purchased the Collision Coverage (Part 7) of the private passenger automobile insurance policy indicating that Insurers or their Agents/Producers have selected the waiver of deductible feature for them without their knowledge or consent. In 1990, the auto insurance industry insured 2,249,815 car year exposures against collision loss. Of these insureds, 97.16% selected either the $300 or the $500 deductible; of that percentage, 92.0% are reported to have selected the waiver of deductible feature. The fact that there is an unusually high percentage of Collision insureds who are statistically reported as having the waiver feature raises questions as to whether an informed decision is being made in most cases.

The purpose of this bulletin is to remind all Insurers and Producers of private passenger automobile insurance that an

applicant for insurance who chooses to purchase Collision Coverage (Part 7) is required to make an affirmative selection on the application in order to select the waiver of deductible feature. It should not be assumed that failure to select the waiver was the result of oversight or lack of understanding on the part of the applicant. Likewise, renewal applications also require an affirmative act of the insured to add or delete the waiver. If the waiver feature was not selected on a new application, it should not appear on the renewal application.

All Insurers, are hereby reminded to instruct their employees, agents and other producers of private passenger automobile insurance in the Commonwealth to inform consumers as to their choices in all of the optional coverages and to allow consumers to make their own selections, including selection of the Waiver of the Collision Deductible.