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MGL c. 175, § 193R -- PRIVATE PASSENGER AUTOMOBILE: COMPLIANCE WITH MANDATORY PRE-INSURANCE INSPECTION REQUIREMENTS; GROUP-MARKETING PLANS; et al.

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The Division of Insurance ("the Division") has been made aware of instances in which automobile insurance carriers and/or agents participating in group-marketing plans have been offering prospective insureds the added advantage of NOT being required to have their vehicle inspected by the carrier prior to having physical damage coverages take effect. The Division is unaware of any such "group-plan" exemption and reminds carriers and agents that such sales offers are contradictory to the provisions of 211 CMR 94.00, the Mandatory Pre-Insurance Inspection Regulation. Although this regulation provides limited exemptions from the inspection procedure, participation in a group-plan is not one of them. The Division urges carriers and agents to review the limited exemptions enumerated in this regulation and to revise their pre-insurance inspection procedures if necessary.

Similarly, group-plan participation, in and of itself, creates neither a special exemption nor permits disparate treatment in other areas including, but not limited to the following: SDIP step-factoring; the requirement for reporting at-fault accidents to the Merit Rating Board; prohibitions against underwriting discrimination; short-rating of policies; truth-in-advertising, and claims adjustment procedures.

Lastly, insurers filing renewal applications to continue writing group-marketing or mass-merchandising plans, are reminded that compliance with the insurer eligibility and member participation requirements set forth in M.G.L. C. 175, § 193R is a prerequisite to the Division's approval of such applications.

If you have questions regarding this Bulletin, please contact:

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