Massachusetts Division of Insurance

2024 Annual Report

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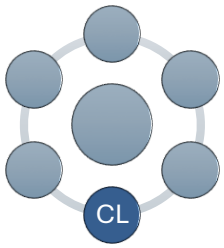
Division of Insurance

Mission

The Division of Insurance ("Division") administers the Commonwealth's insurance consumer protection laws through its regulation of the insurance industry. The Division's primary mission is to monitor the solvency of its licensees and thereby promote a healthy, responsive and willing marketplace for consumers who purchase insurance products. The Division licenses insurance companies and producers; reviews and approves policy rates and forms; coordinates the rehabilitation of financially troubled companies; and coordinates the takeover and liquidation of insolvent insurance companies. The Division also investigates and responds to consumer inquiries and complaints, enforces state insurance laws and regulations and provides the public with accurate and unbiased information about various types of insurance coverage through its website and social media channels.

Primary Activities

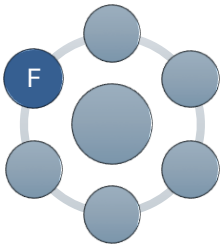
The Division protects consumers and promotes a fiscally sound insurance marketplace through the performance of six primary activities. Taken together, these activities represent the core of effective insurance regulation.



License Insurance Companies (CL)

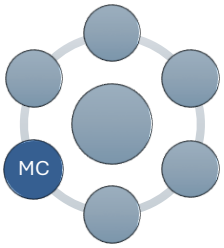
The process of licensing insurance companies promotes a marketplace of solvent, fiscally sound companies through the review and analysis of filings and financial statements.

Examine the Financial Condition of Insurance Companies (F)



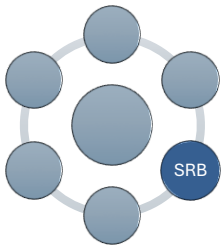
The Division monitors the financial condition of insurance companies through quarterly financial analysis. The analysis process provides an early warning of possible financial problems, so that appropriate regulatory action can be taken before the extreme situation of insolvency occurs. The monitoring process also includes periodic on-site financial examinations of all domestic companies to value assets, determine liabilities and verify compliance with applicable statutes and regulations.

Examine the Market Conduct of Insurance Companies (MC)

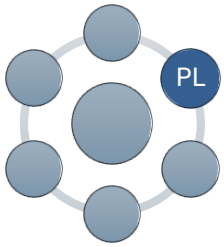


Beyond the financial health of an insurer, the Division also examines how the company interacts with policyholders and potential customers. The market conduct process looks beyond the financial condition of a company and examines business practices such as policy underwriting and rating, cancellations and non-renewals, claim settlements, original insurance applications and advertising materials.
The goal of these examinations is to confirm that Massachusetts consumers are fairly treated in accordance with the terms of their insurance policy contract.

Regulate Insurance Policy Forms, Rates and Programs (SRB)

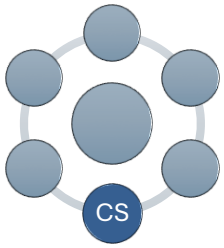


By reviewing and approving insurance policy forms, rules, rates and associated program procedures and operations, the Division verifies that the insurance products sold to Massachusetts consumers by licensed insurance companies comply with the Commonwealth's laws and regulations.



License Insurance Producers and Others (PL)

The process of licensing insurance producers and other key participants in the insurance industry allows the Division to promote a marketplace in which individuals and firms engaging in the business of insurance are qualified and are conducting business in compliance with the Commonwealth's laws and regulations.



Investigate Insurance Consumer Complaints (CS)

The Division provides insurance consumers with a non-judicial alternative for pursuing complaints against insurance companies and insurance producers, by investigating consumer complaints within its jurisdiction and consistent with Massachusetts' laws.

Human Resources

The Administration Department works closely with the Human Resources Department in the Office of Consumer Affairs and Business Regulation on all aspects of hiring, managing, training and promoting the Division's workforce. As of June 30, 2024, the Division employed 130 full-time employees.

Budget, Revenue & Assessments

Budget

The Division receives an annual budget appropriation from the Massachusetts Legislature to main account 7006-0020, the value of which is then assessed back to the entities the Division regulates, and the Health Care Access Bureau account 7006-0029 – the value of which is then assessed back to carriers with insured health business in Massachusetts. The Division also has three trust accounts created by statute: the Worker's Compensation Rating Bureau Trust Account - 9222-7650; the State Rating Bureau Medical Malpractice Trust Account – 9222-7900; and the Medical Malpractice Analysis Bureau Trust Account – 9222-7500. These accounts are funded through direct assessments on the insurance industry.

Revenue & Assessments

The Division collects revenue from licensees and companies as part of its statutory responsibilities. The Division also bills 12 different annual assessments to the insurance industry and collects these funds for deposit into the Commonwealth's General Fund. Most revenue collected from individuals and companies come from license application and filing fees, as well as fines and penalties imposed for licensee violations of appropriate standards of conduct.

The Commissioner of Insurance ("Commissioner") is required by the Massachusetts General Laws to annually bill assessments to insurance companies for various purposes. In Fiscal Year 2024, the Division billed 12 assessments totaling over $89.87 million. The revenue collected from these assessments funds the operation of a number of state agencies, including the Division of Insurance, the Registry of Motor Vehicle's Merit Rating Board, the Department of Fire Services and various fraud-prevention programs in the Attorney General's Office.

Taken together, these revenue and assessment collections are typically nine to ten times greater than the Division's annual budget appropriation for the Division. In Fiscal Year 2024, (July 1, 2023, through June 30, 2024), the Division collected more than $306.7 million in revenue.

The Massachusetts Insurance Marketplace

Massachusetts Domestics

Over 1,000 insurance companies are licensed to do business in the Commonwealth of Massachusetts, and each year these companies write tens of billions of dollars in premiums in Massachusetts. The Division licenses each of these companies and regulates all aspects of their business conduct. The Division is responsible for monitoring the solvency of companies domiciled in Massachusetts, which thereby protects the Commonwealth's citizens, as well as other policyholders across the nation and around the world.

In 2024, Massachusetts was the domicile state of:

- 47 property and casualty insurers
- 16 life and accident and sickness insurers
- 18 health organizations
- 2 lodge fraternal benefit associations
- 1 title insurers
- 21 workers' compensation self-insured groups
- 6 residual market pools; and
- 14 fraternal benefit and mutual aid societies.

Company Market Share

Among the scores of insurance products marketed and sold in Massachusetts, certain lines of insurance represent the majority of premium and policies. Premium written under accident and health, homeowners, life, automobile, and workers' compensation policies make up approximately 35% of all premiums written in the Commonwealth. Most lines of insurance operate within diverse markets comprised of insurers domiciled in Massachusetts, and those domiciled in other states but licensed to write business in Massachusetts. Consumers may choose from among many companies competing for their business.

TOP 10 COMPANIES OF SELECTED MARKET SECTORS

Top 10 *Accident & Health* Insurance Companies*

UnitedHealthcare Ins Co	35.03%
Aetna Life Ins Co	15.80%
Cigna Health & Life Ins Co	9.49%
Metropolitan Life Ins Co	5.22%
US Br Sun Life Assur Co of Canada	3.08%
Unum Life Ins Co of Amer	2.79%
Lincoln National Life Ins Co	2.32%
Hartford Life & Accident Ins Co	1.99%

Guardian Life Ins Co of Amer	1.93%
Reliance Standard Life Ins Co	1.55%

Top 10 *Auto* Insurance Companies

Commerce Ins Co	17.96%
Government Employees Ins Co	9.12%
Safety Ins Co	8.59%
Progressive Direct Ins Co	8.50%
Plymouth Rock Assur Corp	7.56%
Arbella Mut Ins Co	7.40%
Standard Fire Ins Co	4.87%
Geico Gen Ins Co	4.25%
Hanover Ins Co	2.60%
Farmers Prop & Cas Ins Co	2.49%

Top 10 *Home* Insurance Companies

Citation Ins Co	6.95%
Arbella Mut Ins Co	4.28%
Safety Ind Ins Co	4.27%
Commerce Ins Co	3.83%
Amica Mut Ins Co	3.76%
Vermont Mut Ins Co	3.09%
LM Gen Ins Co	2.99%
Merrimack Mut Fire Ins Co	2.83%
Bay State Ins Co	2.75%
Privilege Underwriters Recp. Exch	2.47%

Top 10 *Workers' Compensation* Insurance Companies

Associated Industries of Ma Mut Ins	5.83%
Zurich Amer Ins Co	3.84%
Ace Amer Ins Co	3.69%
Travelers Cas & Surety Co	3.33%
Twin City Fire Ins Co	3.20%
Associated Employers Ins Co	3.18%
Travelers Ind Co of Ct	3.17%
American Zurich Ins Co	2.74%
Atlantic Charter Ins Co	2.67%
LM Ins Corp	2.29%

Top 10 *Life* Insurance Companies

Northwestern Mut Life Ins Co	8.04%
New York Life Ins Co	6.74%
Metropolitan Life Ins Co	6.55%
Massachusetts Mut Life Ins Co	6.28%

Lincoln National Life Ins Co	5.10%
Pruco Life Ins Co	4.09%
Guardian Life Ins Co of Amer	4.02%
John Hancock Life Ins Co USA	3.74%
The Savings Bank Mut Life Ins Co of MA	2.73%
Prudential Ins Co of Amer	2.36%

Top 10 Total *Property & Casualty* Insurance Companies

Commerce Ins Co	7.97%
Safety Ins Co	4.16%
Arbella Mut Ins Co	3.47%
Government Employees Ins Co	3.25%
Progressive Direct Ins Co	3.06%
Plymouth Rock Assur Corp	2.71%
Standard Fire Ins Co	1.89%
Amica Mut Ins Co	1.61%
Federal Ins Co	1.58%
Geico Gen Ins Co	1.53%

Financial Surveillance & Company Licensing

Primary Activities

The Financial Surveillance and Company Licensing staff analyzes company annual statement findings, processes license certifications, and manages the collection of related revenue, which totaled approximately $735,000 in 2024.

The Financial Surveillance Section monitors the solvency of domestic and foreign (domiciled in another state) insurance companies. There are currently 2,077 insurance companies licensed, authorized, or eligible to transact insurance business in the Commonwealth. Included in this number are:

- Life insurers
- Accident and health insurers
- Property and casualty insurers
- Health maintenance organizations
- Non-profit hospital and medical service corporations
- Dental service plans
- Vision service plans
- Fraternal benefit societies
- Title insurers
- Risk retention groups
- Self-insurance groups

- Surplus lines insurers
- Eligible Alien Unauthorized Insurers
- Reciprocal jurisdiction reinsurers
- Reinsurers
- Service contract providers, and
- Life settlement companies.

As of December 31, 2024, there were 85 insurance companies domiciled in Massachusetts. Of the 85 Massachusetts domestic insurers, there were 48 property and casualty insurers, 16 life insurers, 18 health insurers, two fraternal benefit societies and one title insurer. These insurers wrote gross premiums of approximately $98 billion during 2024.

Five-Year Trends: Amended licenses

- 2020 - 32
- 2021 – 25
- 2022 – 23
- 2023 – 17
- 2024 - 9

Five-Year Trends: New licenses

- 2020 - 55
- 2021 – 69
- 2022 – 78
- 2023 – 77
- 2024 - 52

Company Licensing

The Company Licensing staff reviews and processes all applications from insurers seeking to obtain or amend licenses to transact insurance business in the Commonwealth. The Division participates in the NAIC Uniform Certificate of Authority Application ("UCAA") process. The UCAA process consists of 14 parts, which allow the Division to review the applicant's solvency, management team and experience in the insurance industry. Information compiled by the NAIC, as well as input from the domestic regulators, also has a part in the review process.

In 2024, the Company Licensing Section:

- Issued fourteen new insurance company licenses and nine amended insurance company licenses;
- Approved ten companies as eligible to accept surplus lines placements;
- Approved one company as certified reinsurer;
- Approved four companies as accredited reinsurers;
- Approved fourteen companies as reciprocal jurisdiction reinsurers and
- Issued Certificates of Authority to nine home service contract providers.

In addition, ten companies became eligible alien unauthorized insurers

New Licenses, Authority or Eligibility

Accredited Reinsurers

- Beazley Excess and Surplus Ins., Inc.
- Everspan Indemnity Ins. Co.
- Renaissance Reinsurance U.S. Inc.
- Somerset Reinsurance Co.

Certified Reinsurers

- Coface RE SA

Life, Accident & Health Insurers

- AmFirst Insurance Co.
- Coventry Health Care of Illinois Inc.
- Delaware Life and Annuity Co.
- Pan-American Assurance Co.
- TruSpire Retirement Ins. Co.

Property & Casualty Insurers

- Arch Property Casualty Insurance Company
- Bristol West Insurance Co.
- CSAA General Insurance Co.
- Greater Midwestern Indemnity Co.
- Motorists Mutual Ins. Co.
- Physicians Insurance a Mutual Co.
- Positive Physicians Insurance Co.
- Wilson Mutual Ins. Co. AmFed

Title

- Advocus National Title Insurance Company fka Attorneys' Title Guaranty Fund, Inc.

Reciprocal Jurisdiction Reinsurer

- Athene Annuity Re Ltd.
- Athene Life Re Ltd.
- Aviva Insurance Ltd.
- AXA XL Reinsurance Ltd.
- Endurance Specialty Insurance Ltd.
- Fortitude International Reinsurance Ltd.
- Hannover RE (Bermuda) Ltd.
- Liberty Mutual Insurance Europe SE
- Lumen Re Ltd.
- RGA Americas Reinsurance Co.
- Somerset Reinsurance Ltd.
- TransRe London Ltd.
- VIG RE zajistovna, a.s.
- XL Re Europe SE

Surplus Lines

- Amherst Specialty Ins. Co.
- Beazley Excess and Surplus Ins., Inc.
- BHHC Specialty Risks Ins. Co.
- Bowhead Ins. Co.
- Cypress Property & Casualty Insurance Co.
- Dellwood Specialty Insurance Company fka Lannisport Marine & General Ins. Co., Inc
- Hadron Specialty Ins. Co.
- Petroleum Marketers Management Ins. Co.
- Shield Indemnity Incorp.
- State Farm Specialty Ins. Co.

Home Service Contract Providers

- American Guardian Warranty Services, Inc.
- Blueshield Corp.
- D&P Holdings, Inc.
- Diamond Home Protection, LLC
- Echelon Innovations, LLC
- Horizon Obligor Services Corp.
- Merit Administration , LLC
- Samsung Fire & Marine Corp.
- Sherwood Management Co. Inc.

Eligible Alien Unauthorized Insurers

- Lloyd's Syndicate NormanMax # 3939
- Lloyd's Syndicate AXIS Energy Transition # 2050
- Lloyd's Syndicate MCI Turing # 1966
- Lloyd's Syndicate The Fidelis Partnership # 3123Lloyd's Syndicate Ark ACSN # 3832
- Coverys Limited Lloyd's Syndicate Somers #3705
- Lloyd's Syndicate Oak Re #2843
- Lloyd's Syndicate Quaerere Syndicate # 1100
- Berkshire Hathaway European Insurance DAC

Financial Examinations

Mission

The mission of the Financial Examination Section is to perform statutory examinations of Massachusetts domestic insurers to assure the financial health of these companies and thereby protect consumers purchasing insurance products.

2024 Goals

Conduct financial examinations of domestic insurance companies to ensure that

policyholders' and claimants' rights are protected and fulfilled, and that insurance consumers can do business with financially solvent companies.

Maintain Accreditation by the National Association of Insurance Commissioners (NAIC). Impose qualitative standards in the regulation of insurance. Ensure that our domestic insurance companies operate and provide insurance coverage to policyholders and consumers with the least amount of regulatory oversight and involvement from other U.S. jurisdictions, and thus with the least amount of cost to them.

Conduct financial examinations in compliance with the NAIC Financial Condition Examiners Handbook to ensure for timely and regular examination reviews that are based on a substantive "risk-focused" exam approach toward proper allocation of examination resources within the financial operations of our domestic insurance companies.

Primary Activities

Financial Examinations

The Division conducts financial examinations in accordance with standards established by the Financial Condition (E) Committee of the NAIC, the requirements of the NAIC Financial Condition Examiner's Handbook, the Division's own examination standards and Massachusetts' General Laws. The principal focus of an examination is the most recent calendar year's activity. However, transactions both prior and after the "as of" examination date are reviewed as deemed appropriate.

In addition to reviewing an insurer's financial condition, the examination also includes a review of the company's:

- Business Plans and Policies
- Financial Condition
- Corporate Governance
- Corporate Records
- Reinsurance Programs
- Systems and Controls Environment
- Current and Prospective Risks
- Disaster Recovery Plan

In addition to this list, the review also includes other pertinent matters, so to provide a reasonable assurance that the company complies with applicable laws, rules and regulations. The Division considers the concepts of materiality and risk in planning and conducting an examination and directs its examination efforts accordingly.

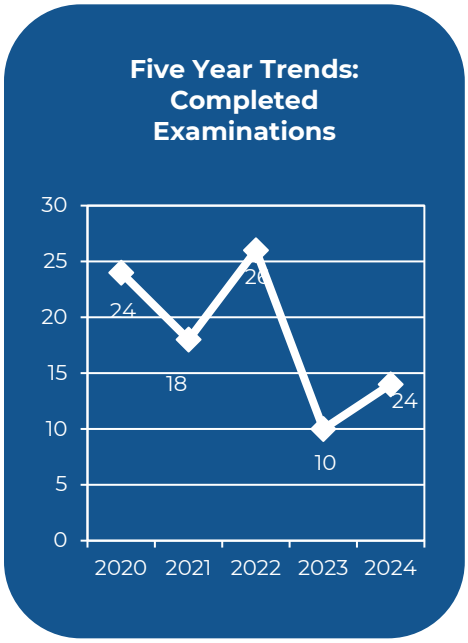
In 2024, the Financial Examination Section completed routine statutory examinations of fourteen insuring organizations. These companies produced $1.6 billion in premium nationwide - $1.54 billion in Massachusetts.

The NAIC Financial Regulation Standards & Accreditation (F) Committee has a standard

known as the “18 Month Rule.” This standard establishes a general rule that comprehensive financial examinations conducted by state insurance departments should be completed and reports issued within eighteen months of the “as of” date of the examination. Exceptions to this rule are permitted for reasonable justification, and an extension of up to twenty-two months is allowed before the state is required to roll the “as of” date of a re-initiated exam forward one year.

The Financial Examination Section conducted fourteen full-scope financial examinations with an “as of” date of December 31, 2022. All these examinations were completed by June 30, 2024, within the “18 Month Rule” timeframe noted above.

Twenty-two examinations were in progress at year’s end, representing approximately $9.0 billion in premium nationwide - $5.2 billion in Massachusetts.



2024 Completed Examinations

1 Life, Accident & Health Insurers

7 Property & Casualty Ins.

4 Health Insurers

0 Residual Market

1 Self-Insured Groups

1 Fraternal Insurers

Examinations In Progress 12/31/2024			
	US Direct Premium	**MA Direct Premium**	**Surplus**
Property & Casualty Insurers			
Associated Employers Insurance Company	49,239,165	44,165,828	6,545,737
Associated Industries of MA Mutual Ins Co.	110,936,924	86,197,339	398,296,490

Massachusetts Employers Insurance Company	13,707,098	13,707,098	4,132,880
Commerce Insurance Company	1,573,488,769	1,552,426,330	560,956,530
Citation Insurance Company	291,369,918	291,369,918	49,891,650
Hingham Mutual Fire Insurance Company	9,695,719	9,695,719	44,337,925
Danbury Insurance Company	8,923,623	8,923,623	7,210,293
Montgomery Mutual Insurance Company	134,577,932	1,552,798	59,202,768
Liberty Mutual Insurance Company	3,146,863,079	295,988,280	23,463,489,156
Liberty Mutual Mid Atlantic Insurance Company	282,317,676	0	23,041,518
Medical Professional Mutual Insurance Company	66,016,020	66,016,020	1,527,194,801
Safety Indemnity Insurance Company	208,054,108	196,182,476	93,916,902
Safety Insurance Company	749,736,173	713,146,519	744,904,277
Safety Property & Casualty Insurance Company	31,516,572	30,474,846	31,232,934
Safety Northeast Insurance Company	1,917,094	1,917,094	11,326,923
Health Insurers			
Dentegra Insurance Company of New England	4,226,906	4,226,906	6,280,443
Fallon Community Health Plan, Inc.	1,752,359,716	1,752,359,716	228,917,458
Fallon Health & Life Assurance Company	5,493,120	5,493,120	24,051,654
` Life, Accident & Health Insurers			
Paul Revere Life Insurance Company	145,400,105	3,262,833	206,176,926
The Savings Bank Mutual Life Insurance Company	394,602,455	133,584,279	219,554,449
Fraternal Insurers			
Supreme Council of the Royal Arcanum	7,517,884	327,063	7,050,649
Self-Insurance Groups			
MA McDonalds Operators Workers' Compensation Grp.	2,135,000	2,135,000	0

TOTALS	**8,990,095,056**	**5,213,152,805**	**27,717,712,363**

Examinations Reports Issued 12/31/2024			
	US Direct Premium	**MA Direct Premium**	**Surplus**
Property & Casualty Insurers			
Arrow Mutual Liability Insurance Company	6,358,000	6,130,000	26,460,000
Bunker Hill Insurance Casualty Company	14,165,000	14,165,000	18,926,000
Bunker Hill Insurance Company	23,039,000	23,039,000	18,581,000
Bunker Hill Preferred Insurance Company	23,197,000	23,197,000	18,595,000
Bunker Hill Property Insurance Company	15,656,000	15,656,000	18,573,000
Encompass Insurance Company of Massachusetts	0	0	5,917,000
Plymouth Rock Home Assurance Corporation	78,929,000	43,930,000	93,677,000
Health Insurers			
Dental Service of Massachusetts Inc	257,513,000	257,513,000	47,421,000
DSM Massachusetts Insurance Company Inc	23,739,000	23,739,000	13,111,000
Health New England, Inc	925,559,000	925,559,000	91,919,000
HNE Insurance Company, Inc	10,017,000	10,017,000	3,215,000
` Life, Accident & Health Insurers			
New England Life Insurance Company	144,294,000	12,175,000	192,013,000
Fraternal Insurers			
Catholic Association of Foresters	110,784	91,488	3,117,000
Self-Insurance Groups			
MIAA Property and Casualty Group, Inc.	108,250,000	108,250,000	170,911,000
TOTALS	**1,630,827,000**	**1,463,462,000**	**722,436,000**

Other Insurance Entities

In addition to examining traditional insurance companies, the Section also conducts periodic examinations of domestic self-insured groups, residual market pools and over 140 fraternal benefit and mutual aid societies.

Special Brokers Tax Collection

The Financial Examination Section collects state taxes on the Excess and Surplus Lines business written by Special Brokers licensed in Massachusetts. Collections in calendar year 2024 for business written in calendar year 2023 totaled $101.2 million on written premium of $2.5 billion.

Life Company Certification and Valuation Fees Collection

At the end of each calendar year, Division financial examiners are charged with compiling the actuarial valuations of insurance reserves of Massachusetts domiciled life insurance companies as described in the annual financial statements and the actuarial reserve exhibits. These valuations are reviewed in context with the actuarial opinions provided by the companies, including asset adequacy testing required on these reserves. The Division then issues a certification of the company's entire reserve liability. Under Massachusetts law, companies are required to pay fees for the annual valuation process and for the certificates issued. Valuation and certification fees billed in 2024 amounted to $585,528.

Special Activities

Training & Professional Accomplishments

Several Financial Examination Section staff attended virtual training sessions and webinars presented by the Society of Financial Examiners (SOFE) and the National Association of Insurance Commissioners (NAIC). SOFE is a professional society made up of state insurance examiners throughout the United States and its territories. The NAIC is the U.S. Standard setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, District of Columbia, and five U.S. territories. Through these sessions participants learn the latest developments, current and emerging issues, and new solutions in the regulation of insurance companies. Topics also include the risk-focused examination approach, fraud detection, IT development, ethics, and the latest legislation, auditing, and regulatory issues.

Market Conduct

Mission

The primary mission of the Market Conduct Section is to ensure the fair treatment of policyholders in the Massachusetts insurance marketplace. This is accomplished through a number of processes, primary of which is to conduct comprehensive and limited scope examinations and market analysis reviews of insurance companies.

The Market Conduct Section investigates the manner in which insurance companies treat policyholders in order to ensure that such treatment is fair, and in compliance with the terms and conditions of insurance contracts, and complies with state laws, regulations and bulletins. Comprehensive examinations involve interviews of key company personnel and review of company records and practices, including those relating to company operations, sales, advertising, rating, underwriting, claims decisions, and complaint handling.

Based upon the results of the examination, the Division issues a report which includes observations and recommendations, and when necessary, findings and required actions to correct company procedures which adversely affect insurance consumers or do not comply with law. Significant findings may result in further administrative action and may lead to fines, payments to consumers or other benefits to policyholders.

The Market Conduct Section also conducts Market Analysis Reviews of various regulatory data covering select companies doing business in Massachusetts. Review of this regulatory data enables the Section to better understand the current state of the marketplace and to identify possible areas of regulatory intervention.

The Market Conduct Section also uses information provided by, and shares information with, the NAIC and actively participates in multi-state examinations.

2024 Goals

- Monitor insurers and industry trends and analyze their impact on consumers and the insurance marketplace to determine whether regulatory intervention or oversight is appropriate.

- Monitor the progress of multi-state regulatory settlement agreements in which the Division is a lead state negotiator.

- Determine whether multi-state regulatory settlement agreements negotiated by other states are fair to Massachusetts consumers.

- Maintain a market conduct examination program in accordance with Division and NAIC guidelines.

- Conduct substantive market conduct examinations that are thoughtfully planned and timely executed by qualified and trained professionals.

Primary Activities

Examinations and Reviews

The market conduct examination process enables the Division to ensure that insurance companies treat policyholders and consumers fairly, including both the terms of the insurance contract and state laws and regulations. Completed examinations can result in insurance companies taking corrective action to address identified violations and to prevent their recurrence.

In 2024, the Market Conduct Section initiated comprehensive examinations of the following business practices of five (5) domestic companies.

- Company operations and management;
- Timely and fair complaint handling;
- Marketing and sales practices;
- Appointment and licensing of producers;
- Underwriting and rating guidelines and practices; and
- Claims handling and settlement practices.

Market Conduct Comprehensive Examinations, initiated in 2024, included:

- The Massachusetts Savings Bank Mutual Life Insurance Company
- The Commerce Insurance Company
- Citation Insurance Company
- Safety Insurance Property and Casualty Insurance Company
- New England Life Insurance Company

Market Analysis

In 2024, the Market Conduct Section initiated analysis examinations on 76 companies for specific lines of business (homeowners, private passenger automobile, pet, workers compensation, individual life, and individual annuity). Examiners conducted limited-scope analysis examinations on 76 companies, and 11 of the 76 received an interrogatory seeking further clarification of numerical data or additional explanatory information.

During market analysis examinations, the Division assesses data from various sources, such as the Market Conduct Annual Statement, as well as individual NAIC databases, including the Complaint Database, Regulatory Information Retrieval System, Examination Tracking System, and insurance company-submitted financial statements. The Market Conduct Section also reviews complaint files from the Division's Consumer Services Unit. These market analysis examinations serve as an early warning mechanism to identify company non-compliance with insurance laws and regulations, as well as negative trends that may impact future claim payments.

Consumer Restitution

The Market Conduct Section's examination and multi-state regulatory settlement agreement with UNUM Group detailing UNUM's improper claim handling practices, including denials and terminations of payments on group and individual disability income policies, continued to provide restitution to disabled Massachusetts claimants. As of December 31, 2024, over $121,713 has been paid or reserved for payment to future claimants.

Monetary Fines

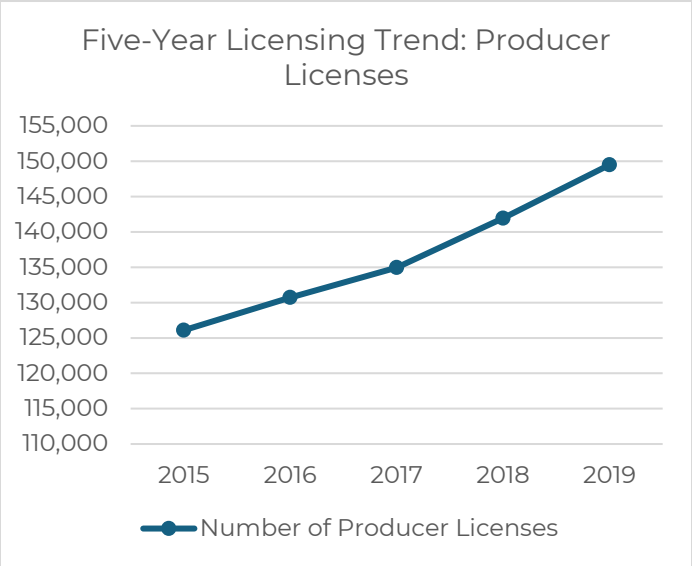
In 2024, the Market Conduct Section collected $38,650 in fines as a result of comprehensive market conduct examinations and regulatory settlement agreements.

Producer Licensing

License Types

The Producer Licensing Unit is responsible for issuing the following types of licenses:

- Producers
- Advisers
- Auto Clubs & Auto Club Agents
- Bank Insurance Licenses
- Life Settlement Brokers
- Motor Vehicle Damage Appraisers
- Portable Electronics Limited Lines Licenses
- Public Insurance Adjusters
- Reinsurances Intermediaries (brokers & managers)
- Surplus Lines Brokers



Mission

The Producer Licensing Section licenses all individuals and business entities conducting the business of insurance in Massachusetts, ensuring that they are qualified and in good standing, and that they conduct business within the requirements of the Commonwealth's laws and regulations. This Section also ensures that all insurers who appoint licensed producers annually renew or non-renew their appointments. The Section approves all business names (including DBA names), processes name and address changes, as well as license terminations and voluntary license surrenders, and issues clearance letters. The Section ensures that all resident individual producer licensees, and all resident individual public insurance adjusters, adhere to the continuing education requirements for each

license type. In addition, the Section responds to written inquiries from multiple sources and monitors and responds to three electronic mailboxes--one for producer questions and updates, one for submitting name approval requests for both business entities and DBA's and one for submitting required certified documents for a business entity licensing – and handles approximately 1,050 phone calls per month

Primary Activities

Reduction of Paper Processes for Business Entities

The Producer Licensing unit evaluated all incoming paper mail to the unit with the goal of reducing time and cost involved in heavy paper processes. The biggest challenge for the unit was incorporating Business Entity transactions to add or remove members to an active license as an online feature. Adding a member or Designated Responsible Licensed Producers (DRLP's) required a letter and check to be sent to the Division, which delayed the process and required manual completion by staff. Removing members or DRLP's did not require a check but did still require staff to manually remove these producers from the applicable business entity. Some requests included hundreds of members.

The new process allows the business entity to log into National Insurance Producer Registry (NIPR) and complete the changes via an amendment application. The fees associated with these requests are now collected electronically and are automatically approved when the transaction passes all business rules assigned by NIPR. This has significantly decreased processing time as well as staff involvement.

Motor Club Licensing

Online Motor Club applications were implemented through NIPR in early 2024. This process went from a heavily manual, time-consuming task to a paperless process. These applications still require a review, but this review takes place alongside other license types in State Based Systems (SBS), making it significantly more efficient. The Motor Club is still responsible for notice of employment of new agents. They must still make applications on behalf of their agents, but now that is through NIPR. In 2024, the Division processed over 1,500 Motor Club Agent applications.

These changes have allowed the Division to improve efficiency and service level within the Producer Licensing Unit. Both processes have reduced incoming mail to the unit as well as the processing time for the respective requests. The Unit continues to evaluate and implement processes that serve the licensees in an accessible and timely manner.

State Rating Bureau

Mission

The mission of the State Rating Bureau ("SRB") consists of three primary functions:

- Actively monitor insurance markets to spot shifts, emerging trends and opportunities in real time.
- Develop technical reports and trend analysis to support the Division's regulatory responsibilities; and
- Champion fairness through review of policy forms, rules and rates, in conjunction with the Policy Form Review Unit, filed by or on behalf of insurance companies to ensure that insurance coverage and rating practices are actuarially sound, compliant, and fair to consumers.

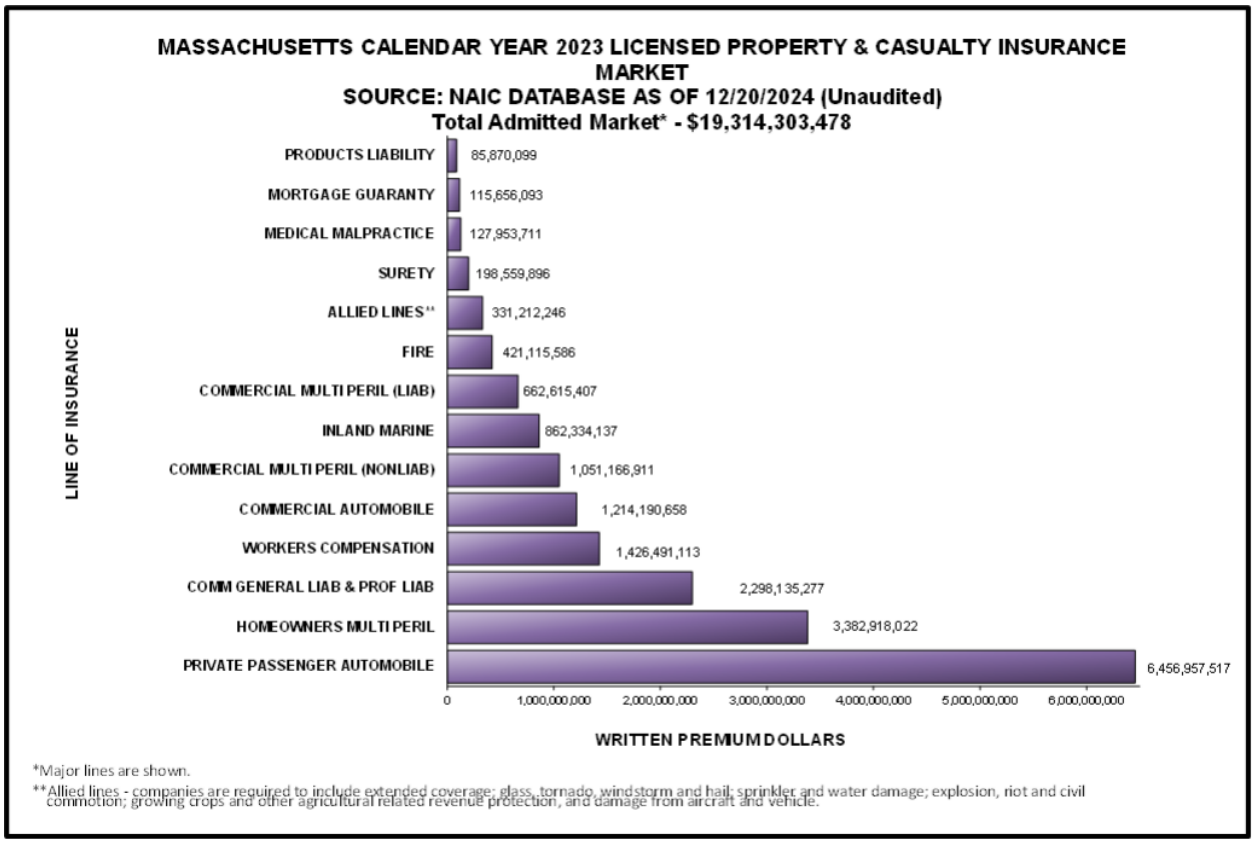
The SRB participates on behalf of the Commissioner in numerous intra-governmental and public policy groups that evaluate policy options. It coordinates with internal state agencies and out-of-state partners to foster innovation in the insurance industry that is compliant with state regulation and statutes and balances the needs of the industry with consumer protection, including in the emerging areas of Artificial Intelligence (AI) Systems. It partners closely with the Division's legal staff to develop clear regulatory guidance pertaining to rating and policy requirements. As needed, the SRB also communicates rate filing procedures through filing guidance letters and assists in the development of guides and alerts that explain features of various insurance products to consumers.

Primary Activities

As the technical advisor to the Commissioner, the work of the SRB covers many different areas of the insurance marketplace. In 2024, the SRB performed reviews and analyses in the following areas of insurance:

- Private passenger automobile
- Homeowners
- Workers' compensation
- Medical malpractice

The following chart illustrates premium for the Massachusetts property and casualty market. Together, the P&C lines in Massachusetts account for $19 billion in written premiums.



Private Passenger Automobile Insurance

Private Passenger Automobile insurance accounted for approximately $7.38 billion in Massachusetts written premium dollars in calendar year 2024, twice the amount of premiums collected for any other line of property and casualty insurance.

The SRB:

- Monitors the activities of the residual market administered through Commonwealth Automobile Insurers (“CAR”);
- Reviews all insurance company and CAR form, rule and rate filings; and
- Reviews statistical plan filings.

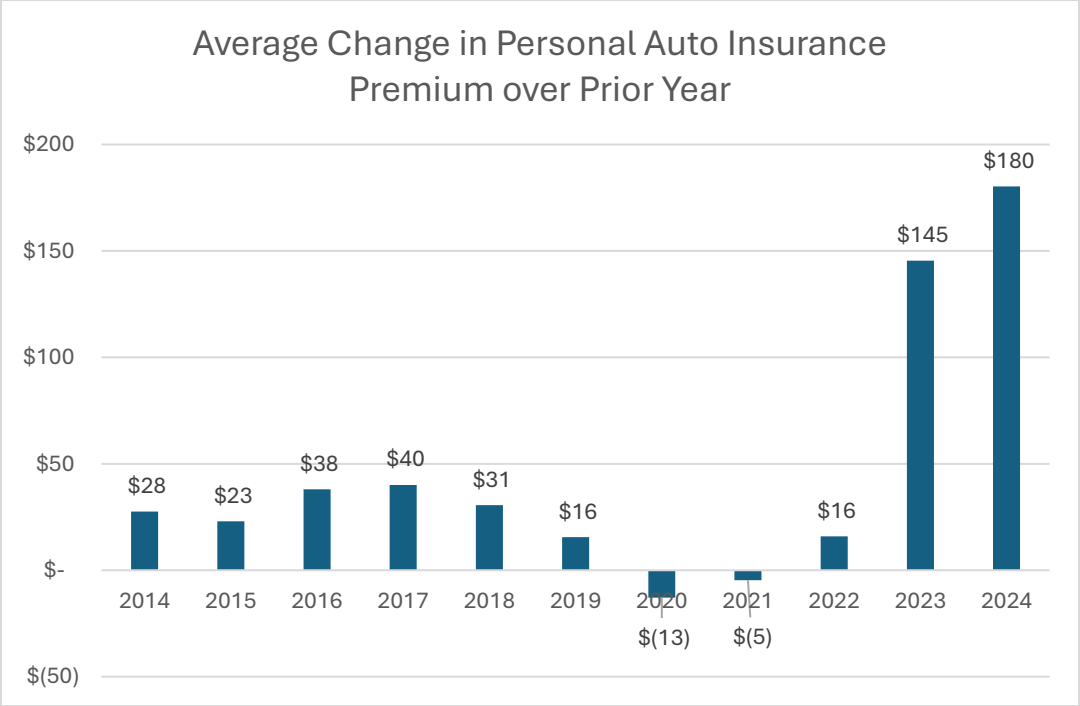
Competitive Rate Regulation

Since managed competition began in the private passenger automobile insurance market in 2008, 24 new insurance groups have started writing private passenger auto insurance in Massachusetts. Sixteen of the twenty-four new companies market their products through independent agents.

The average annual estimated* personal automobile expenditure per vehicle has risen an average of 4.3% per year since 2014.

Automobile Insurers Entering MA Since April 1, 2008

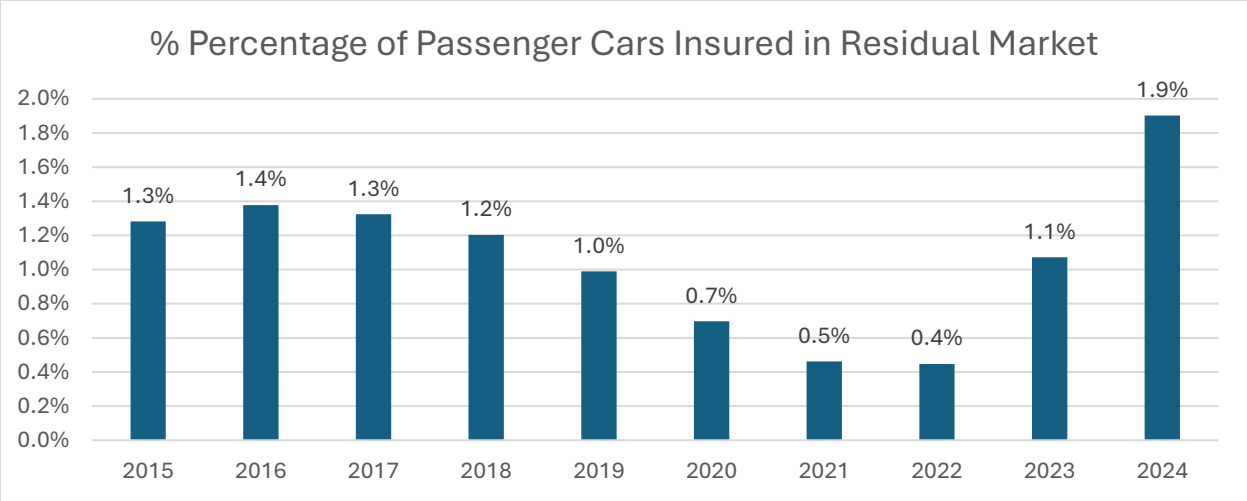
AIG PRIVATE CLIENT
ALLSTATE
AMERIPRISE (IDS)
BANKERS STANDARD
BERKLEY
CINCINNATI
ESURANCE
FOREMOST GRAND RAPIDS (FARMERS)
GEICO
GREEN MOUNTAIN (AUTO OWNERS)
HARLEYSVILLE
HARTFORD (TRUMBULL)
MIDVALE (AMERICAN FAMILY)
PERMANENT GENERAL
PRAETORIAN
PREFERRED MUTUAL
PROGRESSIVE
PURE
SAFECO
VERMONT MUTUAL
INCLINE
EVERSPAN
FOREMOST P&C (FARMERS)



*This analysis is based on two sets of NAIC data: one is from NAIC I-Site and the other is from NAIC auto database report. Since the 2024 NAIC auto database report is not available, the 2024 $ change is an estimate from SRB.

Residual Market

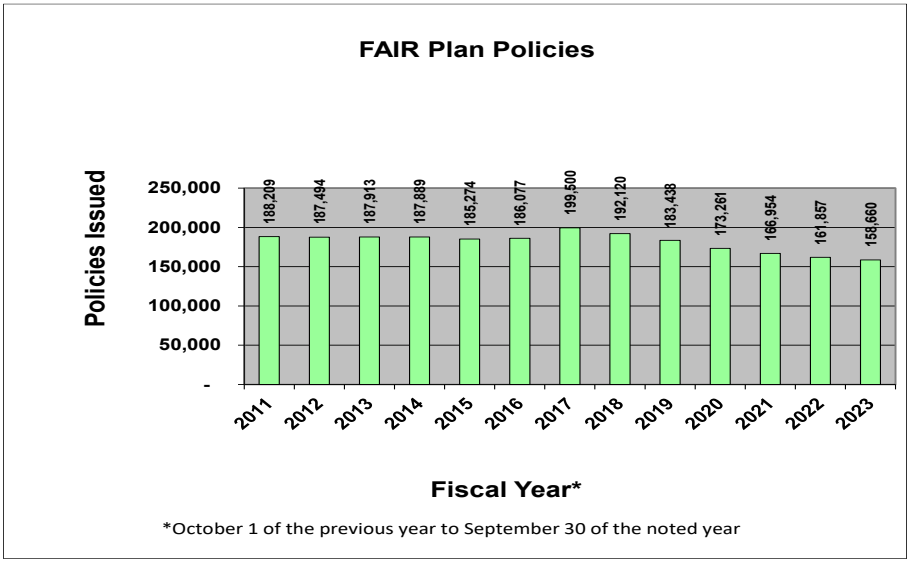
Many significant procedural changes to provide incentives for insurance companies to voluntarily insure policies that otherwise would likely be insured through the Massachusetts Automobile Insurance Plan or "MAIP" have been implemented. The residual market remained a small percentage of the total market in 2022 and 2023 at 1.9% by year-end 2024.



Home Insurance

Each year, the SRB staff completes a report (required under M.G.L. c. 175, §§ 4A and 4B) that examines the home insurance market, the causes of losses, trends in cancellations/non-renewals, and emerging trends in the availability of coverage, especially in coastal areas. A copy of the report is available on the Division's website at The Commissioner's Report on Home Insurance | Mass.gov

Workers' Compensation Insurance



Workers' compensation insurance covers lost wages, medical costs and rehabilitation costs associated with work-related accidents or illnesses. With few exceptions, employers are required to purchase workers' compensation coverage for their employees.

The State Rating Bureau is responsible for monitoring:

- Market-wide alterations in availability of coverage.
- The structure of the statistical plan documenting insurer loss and premium experience.
- The health and efficiency of residual market pool.
- Industry-wide rates and rating programs for non-discrimination and actuarial appropriateness.

SRB staff review all industry bureau and individual company and Self-Insurance Group rate, rule, and form filings, including rate deviation filings. The coverage and rates are established according to the processes established under M.G.L. c. 152. Industry filings are coordinated through the Workers' Compensation Rating and Inspection Bureau of Massachusetts ("WCRIBMA"), an entity licensed as a Rating Organization under M.G.L. c. 174A. The WCRIB also acts as the Division's Statistical Agent and Residual Market Pool Administrator.

Rate Review

The WCRIBMA filed for a 8.3% decrease in average rates on December 22, 2023 with an effective date of July 1, 2024. The requested decrease was subsequently amended to -7.6% to correct for an arithmetic error in the rate indication calculations.

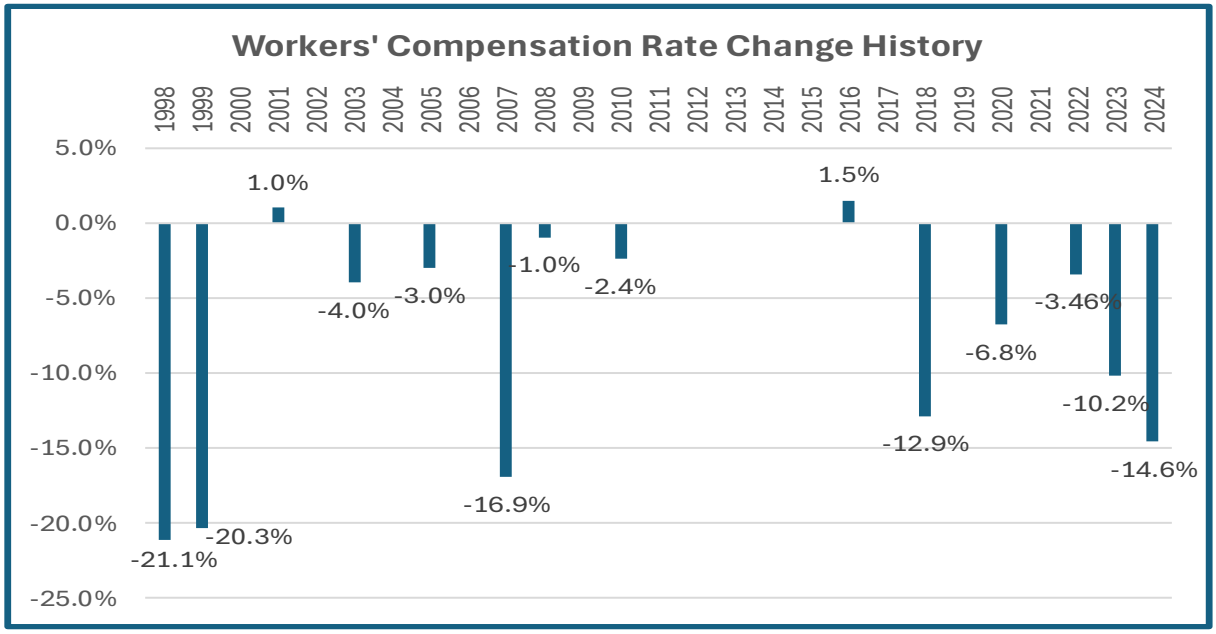
Hearings were initiated in February of 2024. In all, after advisory filings and rebuttals, 4,793 pages of filings and transcripts were generated by all parties, not including exhibits introduced in the hearing or discovery responses.

The Commissioner issued a decision on June 21, 2024, disapproving the WCRIBMA's filed

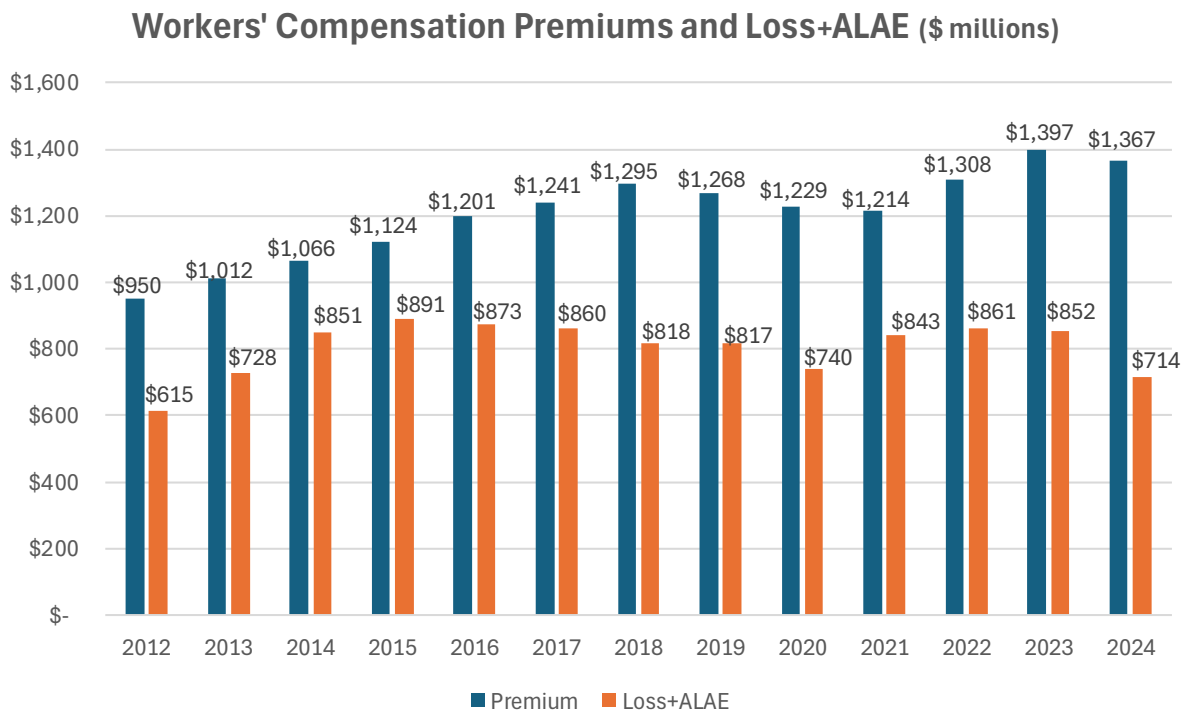
rates. Further, the Commissioner ordered a reduction in average rates of -14.6% to be effective July 1, 2024. As a result of the combined effect of the decision and the order, Massachusetts employers saved an estimated $87 million compared to what they would have paid if the rate reduction had been -7.6% instead of -14.6

Under M.G.L. Chapter 152, §53A(9) carriers are permitted to file to use rates that deviate downwards from the WCRIBMA rates. A total of 51 carrier groups were approved for downward deviations effective in 2024, including 17 individual companies with deviations or available schedule credits of -25%. Many companies also made individual filings of various non-standard rating plans, rules and forms.

Self-Insurance Groups (SIGs) have the authority to file their own rates under M.G.L. Chapter 152, §25O(3). Seven SIGs had downward deviations from WCRIBMA rates approved for their 2024 fund years, including one SIG deviating -20%. In addition to the seven downward deviations one SIG had an upward deviation for a single class code for its 2024 fund year.

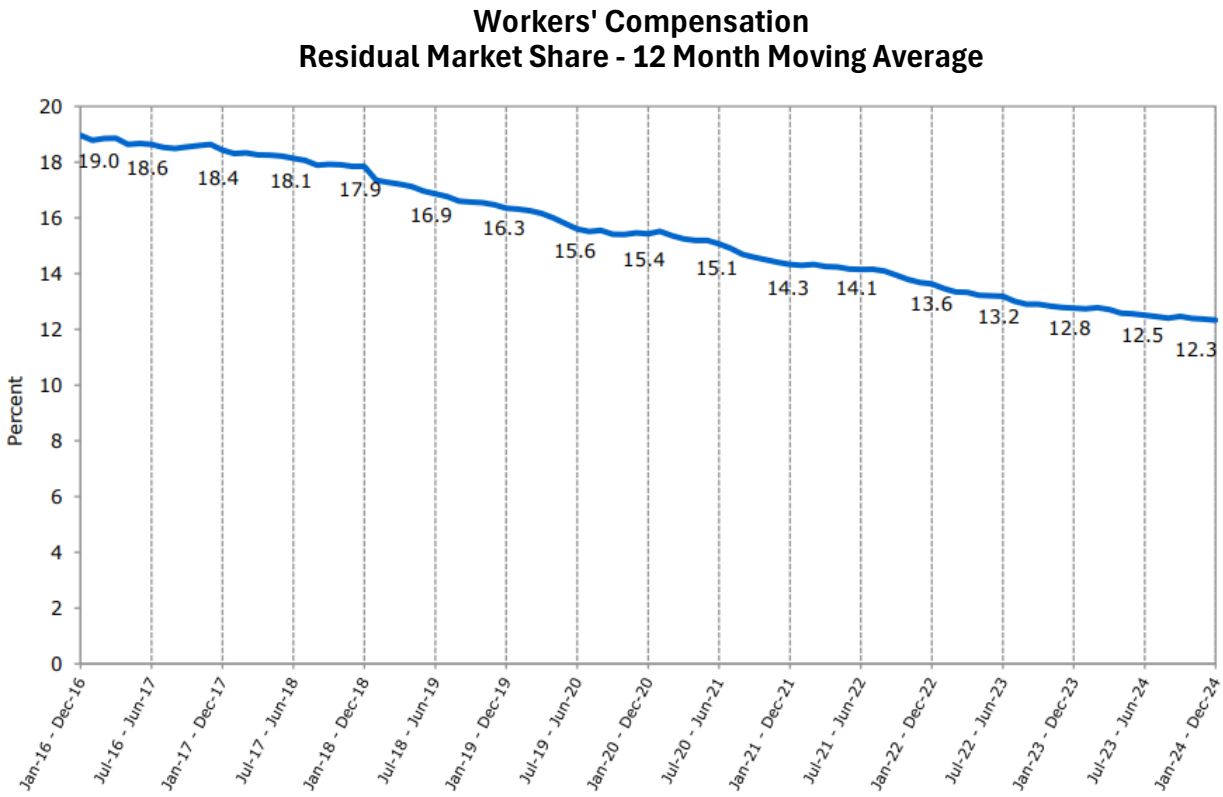


It is worth noting that the calendar year information displayed below suggests that, in spite of the many rate reductions and downward company deviations over the last two decades, workers' compensation insurance continues to be a profitable line in Massachusetts.



Monitoring the Workers' Compensation Residual Market

Workers' compensation companies are permitted to decline risks, who can then obtain coverage through the Massachusetts Workers' Compensation Assigned Risk Pool. The Division monitors whether companies are increasing the number of risks covered through the pool.



Medical Malpractice Insurance

Medical malpractice insurance covers medical malpractice claims and the expenses associated with defending alleged medical malpractice.

The SRB is responsible for:

- Monitoring the market for coverage;
- Analyzing and collecting data;
- Reviewing the activities of the Residual Market Pool; and
- Reviewing all company-filed form, rule and rate filings.

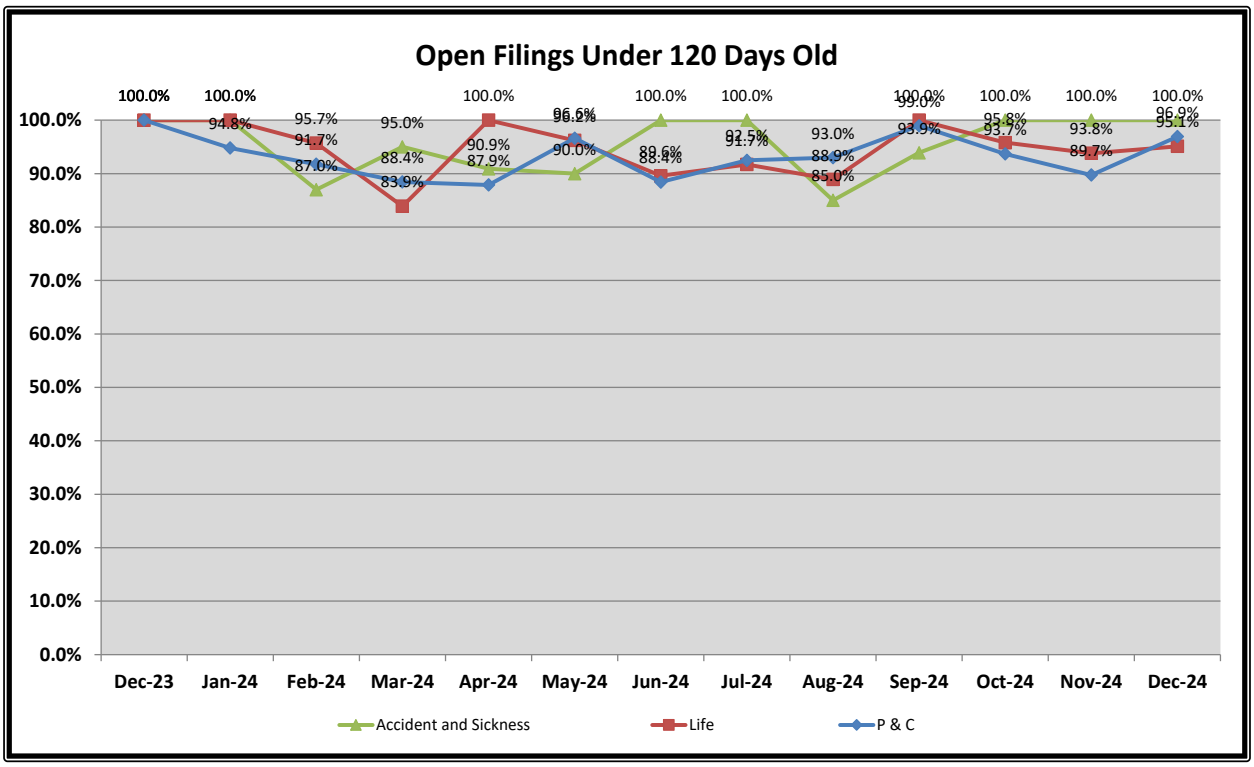
In 2024, the Division issued Bulletin 2024-08 pertaining to medical malpractice insurance.

Policy Form Review

Mission

The Policy Form Review Unit is responsible for reviewing property and casualty, life and annuity, individual accident and sickness as well as paid family and medical leave filings made by insurance companies to ensure they are consistent with Massachusetts laws. The focus of these reviews is to ensure consumer protection, adequate reserving for claims, and rate justification.

Filing reviews are completed using the System for Electronic Rates & Forms Filing (SERFF). The review process includes the review of administrative items, initially. Once all the administrative items have been satisfied a filing is considered "complete" and the review of the new/revised policy language and/or rates/rules begins. The Policy Form Review Unit manages the review of products to ensure that the review is completed in a timely manner. To support a speed to market initiative, the Policy Form Review Unit will monitor the review time and will coordinate resources appropriately to address delays in the review process. As noted in the graph below the Policy Form Review Unit reviewed 3300 filings in 2024, the majority in under 120 days



In 2024, the Division of Insurance transitioned to SERFF Filing Access (SFA) to provide a method for viewing completed Rate and Form Filings electronically. This allows for instant access to closed filings rather than requiring requestors to submit formal requests to the Division.

Property and Casualty Insurance
New products were approved for two new entrants to the property and casualty market: Mainsail Insurance Company (homeowners' market) and National General Insurance Company (private passenger automobile market.)

Life Insurance
The Division did not promulgate any new life insurance regulations or issue any life insurance related bulletins during calendar year 2024.

Annuity
The Division did not promulgate any new annuity regulations or issue annuity related bulletins during calendar year 2024.

Paid Family and Medical Leave Policies

An additional product was acknowledged as being consistent with the DFML standards bringing the total products available to 26.

Interstate Insurance Product Regulation Commission (IIPRC).

Massachusetts continued to participate in and follow the work of the Interstate Insurance Product Regulation Commission (IIPRC). The Insurance Compact consists of member states and works to enhance the way specific insurance products for life insurance, annuity, long-term care and disability insurance are filed, reviewed, and approved according to detailed uniform product standards. In 2024, Massachusetts sat on the Rulemaking Committee. The goal of the Rulemaking Committee is to develop recommendations for consideration, approval, and adoption by the Commission.

Bureau of Managed Care

Mission

The Bureau of Managed Care ("BMC") reviews health insurance company materials to determine whether their operations satisfy managed care protections required under M.G.L. c. 176O. These protections include those related to:

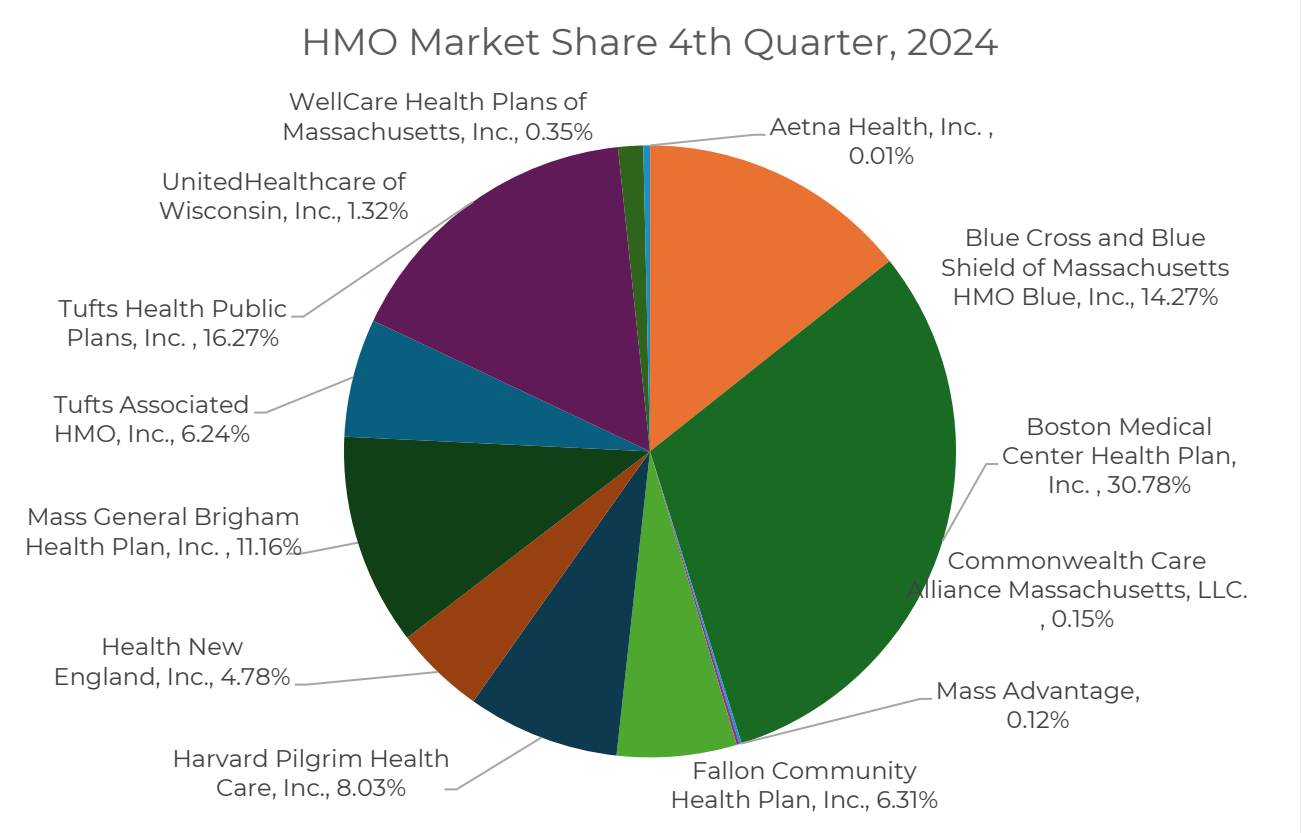
- Consumer disclosures
- Evidences of coverage
- Provider contracts
- Network directories
- Utilization reviews
- Quality assurance and credentialing
- Internal appeals systems

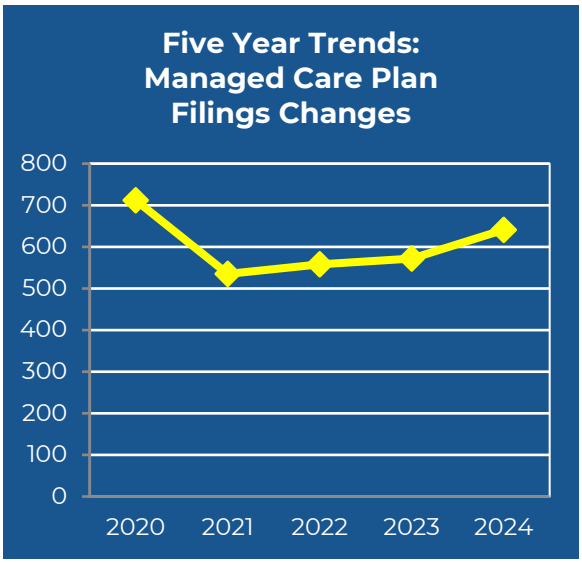
In addition, the BMC advises the Commissioner on emerging issues associated with health

reform, health insurance company operations and administrative practices, managed care practices, and mandated health benefits.

Managed Care

Health maintenance organizations ("HMO") provide much of all insured health plan coverage in Massachusetts. More than 2 million people receive health care coverage through an HMO plan provided by one of 13 companies. Relative market share during the third quarter of 2024 is shown below.





Managed Care Accreditation Reviews

The BMC is responsible for conducting a comprehensive review every two years of all insured health plans with managed care systems to determine their compliance with the requirements of M.G.L. c. 176O. Companies that are not accredited are not permitted to offer a managed care plan in Massachusetts. In 2024, the BMC completed the review of 641 filings that were new or were submissions of material changes to previously submitted fillings.

Mental Health Parity

The Division continued to collect annual filings from carriers to verify compliance with federal and state mental health parity laws. The Division developed an aggregate report showing carrier responses, including 2024 data on behavioral health and medical requests for prior authorization of services. The Bureau of Managed Care also coordinates monthly meetings among Division staff to review and investigate potential claims of Mental Health Parity violations.

Implementation of Changes to Managed Care Provider Directories

The Health Care Access Bureau completed filing guidance materials that further clarified how carriers would implement steps to improve the collection, storage and auditing of provider information to develop improved display of provider directory information to advance the recommendations of the Provider Directory Task Force.

Health Care Access Bureau

The Health Care Access Bureau ("HCAB") is responsible for monitoring the market for health insurance coverage, concentrating on the availability and affordability of coverage. Members of the HCAB work with many other state agencies, including the Health Policy Commission, Group Insurance Commission, Center for Health Information and Analysis, Executive Office for Health and Human Services, Department of Public Health, Department of Mental Health, the Attorney General's Office and the Commonwealth Health Insurance Connector Authority, to ensure that regulations and bulletins follow consistent approaches across state agencies.

Risk Bearing Provider Organizations (RBPOs)

HCAB staff worked closely with the Legal and Financial staff to review 8 risk certification waiver applications as well as 39 risk certification applications to be effective between March 1, 2024, and February 28, 2025.

Analysis of Federal Health Market Rules

In 2024 the Division continued to work closely with other state agencies to analyze health market rules proposed by the federal government's Centers for Medicare and Medicaid Services to determine how these rules would impact the availability and affordability of coverage in Massachusetts. Where appropriate, the Division worked with other agencies and carriers to develop guidance that would assist carriers as they developed products and rates for the Massachusetts' merged market.

Merged Market Rate Reviews and Medical Loss Ratio Rebates

During calendar year 2024 the Division reviewed Massachusetts small group carriers' filings submitted for calendar year 2025 rates, with a resulting statewide average rate increase of 7.9% impacting approximately 650,000 members. All rate filings were reviewed by the Division's internal actuary and external consulting actuaries for completeness according to the filing standards identified in 211 CMR 66.00; to verify that the filings did not trigger any of the presumptive disapproval standards for medical loss ratio, administrative expenses, or contribution-to-surplus; and to examine the reasonableness of the rates in relation to the benefits provided in the filing.

Administrative Simplification

HCAB staff continued in 2024 to work with the Center for Health Information and Analysis ("CHIA") toward the goal of sourcing health insurance data from CHIA's All Payers Claim Database ("APCD") instead of from insurer-generated data calls and reports. The focus in 2024 was to finalize the process of transitioning utilization and claims reporting to the APCD. The HCAB engaged the firm of Oliver Wyman to assist with creating the programming logic required for this project, and reports are now provided every other quarter for use in assessing trends by carrier and in the market as a whole. It is hoped that other state agencies will follow suit and use the APCD data for their information needs, with the goal of reducing the volume of data reporting by carriers, leading to associated

administrative cost savings and, thus, rate reductions.

Rate Review for Health-related Products

HCAB staff are responsible for the review of rates for several health-related products, to ensure compliance with applicable statutory requirements. They include:

- Long-term Care Insurance
- Specified Disease Insurance
- Accident Only Insurance
- Credit Life, Disability, and Involuntary Unemployment Insurance
- Disability Insurance
- Medicare Supplement Products

During 2024, rates for such products were either reviewed by internal staff or coordinated with external consulting actuaries (the latter in cases where the material is highly technical or controversial.) Associated retrospective experience submissions (e.g., Medicare Supplement Minimum Loss Ratio Reports) were also reviewed by staff for compliance with statutory or regulatory requirements.

Office of the General Counsel

Mission

The Office of General Counsel ("OGC") assists the Commissioner in administering the laws of the Commonwealth as they pertain to the protection of the insurance consumer through the regulation of the insurance industry. The OGC further assists the Commissioner in monitoring the solvency of insurance companies by coordinating the rehabilitation of financially troubled insurers and the takeover and liquidation of insolvent insurers.

Primary Activities

- Provided legal support and advice to the Commissioner, Division staff, executive and legislative branch members, and other interested parties in the Massachusetts insurance marketplace.

- Reviewed and analyzed proposed or enacted legislation affecting insurance companies and the insurance-buying public.

- Researched and drafted regulations, regulatory bulletins, and interpretative letters on Massachusetts insurance laws and regulations.

- Served as hearing officers in various regulatory proceedings, including hearings concerning new or amended regulations and proposed financial transactions such as acquisitions.

- Provided a flexible alternative to litigation through the adjudicatory hearing and administrative appeal processes conducted by the Hearings and Appeals Section. Adjudicatory hearings include insurance rate proceedings and enforcement actions against Division licensees, and administrative appeals include appeals from decisions of the residual market entities overseen by the Commissioner.

Hearings and Appeals

Massachusetts statutes require the Division to conduct hearings on a variety of matters. The Hearings and Appeals Unit consists of two hearing officers and a docket clerk who manage all aspects of the hearing process, from initial docketing to final decision. In any year, the case load may include:

- Insurance rates for workers' compensation insurance coverage
- Insurance rates for property insured through the Massachusetts Property Insurance Underwriting Association (the "FAIR Plan")
- Proposed new regulations or amendments to current regulations
- Disciplinary actions initiated by the Division against licensees
- Appeals from Division decisions denying license applications
- Matters relating to the residual market for automobile insurance managed by Commonwealth Automobile Reinsurers ("CAR"), including CAR's Rules of Operation and appeals from decisions of CAR's Governing Committee

- Appeals from employers about their workers' compensation insurance premiums
- Appeals from FAIR Plan decisions denying insurance coverage
- Insurance company mergers or acquisitions; and
- The state of the market for Medicare supplement insurance.

In addition, a Hearings and Appeals staff attorney is the Commissioner's designee to serve as chair of the Board of the Review in the Division of Insurance. That Board is authorized to hear disputes between medical service corporations and providers of health care services (M.G.L. c. 176A, §12), dental service corporations and participating dentists (M.G.L. c. 176E, §12), and optometric service corporations and participating optometrists (M.G.L. c. 176F, §12), as well as disputes involving legal service plans (M.G.L. c. 176H, §12).

2024 Hearings and Appeals Highlights

Two decisions on insurance rates were issued this year. The first, after a hearing on the Genworth Life Insurance Company request for a hearing on the Division's denial of its proposed long term care insurance rates, affirmed the denial. The second decision was issued after hearings on the rate filing submitted by the Workers' Compensation Rating and Inspection Bureau of Massachusetts for a general revision of workers' compensation

insurance risks and premiums to take effect on July 1, 2024. The decision denied the requested increase.

Three hearings were held on filings seeking the Commissioner's approval of financial transactions. These transactions addressed the acquisition of control of the Electric Insurance Company, the reorganization of the Hospitality Mutual Company, and the acquisition of control of Health New England.[1] After the hearings, each transaction was approved.

Two decisions were issued in enforcement actions initiated by the Division. In each case, the producer's license was revoked.

Receiverships

If a Massachusetts domestic insurer's financial condition becomes impaired, the Commissioner is, by statute, empowered to seek a judicial order for appointment as receiver of the subject insurer. The Commissioner as receiver of a domestic insurer has the responsibility to act as a fiduciary on behalf of policyholders and creditors to provide the greatest possibility that, at the conclusion of the matter, an insurer's obligations to policyholders will be met at or near 100%. This arguably extreme measure is designed for the benefit of all creditors, but the protection of policyholders is of the utmost concern.

Receiverships may involve plans to rehabilitate, run-off, or liquidate a company. If the Commissioner determines that an insurer lacks sufficient assets to meet all its obligations to policyholders in the ordinary course of business, then such insolvent insurer will be liquidated. The Commissioner as liquidator marshals the insolvent insurer's assets, liquidates the assets, adjudicates claims, and makes distributions to approved creditors of the company.

If a foreign insurer doing business in Massachusetts becomes financially impaired, the Commissioner may seek judicial appointment as Ancillary Receiver for the purpose of conserving the impaired foreign insurance company's assets in the Commonwealth for the benefit of its Massachusetts' policyholders and creditors.

Domestic and Ancillary Receiverships		
Active Domestic Receiverships		
Date Commenced	Company	Status
03/09/1989	American Mutual Liability Insurance Company and American Mutual Insurance Company of Boston	In Liquidation
11/01/2000	Lumber Mutual Insurance Companies	In Rehabilitation
06/09/1994	Monarch Life Insurance Company	In Rehabilitation
Closed Domestic Receiverships		
08/02/2017	Minuteman Health, Inc.	Closed 07/15/24
Active Ancillary Receiverships		

[1] Parties to the proposed acquisition of Health New England ultimately decided not the complete the transaction.

Date Commenced	Company	State	Estimated Assets (market value as of 12/31/19)
None			
Closed Ancillary Receiverships			
None			

Distributions to Creditors

$41,790 final distribution from the Minuteman Health, Inc. estate (reflecting the unused portion of the administrative expense reserve)

Other Activities

Public Record Requests

The OGC provides the Records Access Officer for the Division. The OGC supervised and assisted in responding to more than 500 public records requests, information inquiries and subpoenas in 2024. The OGC maintained agency compliance with the data collection requirements of the public records law and provided public records law education and training to all new employees and interns at the start of their Division employment along with refresher training for long-term employees. In late 2024 the Division began participating in SERFF Filing Access, allowing the public web-based access to closed filings. This reduced the number of public record requests for 2024 and is expected to significantly reduce the number of public record requests in future years.

1033 Committee Reviews

In 2024, Division attorneys and other Division staff continued to serve as the Commissioner's appointees to an advisory committee that reviews all applications for written consent to engage or participate in the business of insurance in Massachusetts under the provisions of the federal Violent Crime Control and Law Enforcement Act of 1994, 18 U.S.C. § 1033 ("§ 1033 Committee") and makes recommendations to the Commissioner on the disposition of such applications. In 2024, the § 1033 Committee responded to several inquiries but received no applications for written consent to engage in the business of insurance.

Special Investigations

Mission

The Special Investigations Unit ("SIU") investigates allegations of misconduct by licensees and certain non-licensees and recommends enforcement action where appropriate. These investigations involve finding, reviewing, and documenting evidence supporting

allegations of unfair methods of competition, unfair or deceptive acts or practices in the business of insurance, and other violations of insurance laws and regulations. Division enforcement attorneys pursue appropriate enforcement action by applying relevant law to the facts and evidence developed by the SIU during the investigation. Enforcement case results are reported on the Division's website and to the Regulatory Information Retrieval System database ("RIRS") of the NAIC, which is accessible by insurance regulators in other jurisdictions.

2024 Accomplishments

The SIU and Enforcement sections closed a total of 89 cases in calendar year 2024. Common allegations investigated in this group of cases include:

- Licensees failing to make appropriate disclosures on license applications;
- Licensees failing to timely disclose administrative or criminal matters to the Division;
- Licensee misrepresentation on insurance policy applications; and
- Licensees failing to remit premiums

Results among the 31 enforcement cases resolved in 2024 include the revocation of 6 individual producer licenses. There were 13 settlement agreements to cease and desist from improper conduct and/or from transacting insurance business in Massachusetts.

Opened 53 investigations and referred 29 cases from the SIU to Enforcement.

Assessed financial penalties in the amount of $20,200.00 and obtained restitution in the amount of $24,353.00.

Board of Appeal

The role of the Board of Appeal (the "Board") is to conduct hearings for consumers appealing:

- The determination by an insurer that the insured was primarily at fault for a motor vehicle accident.
- Any decision of the Registry of Motor Vehicles ("RMV"); and
- An insurance cancellation issued to a consumer by his or her insurance company.

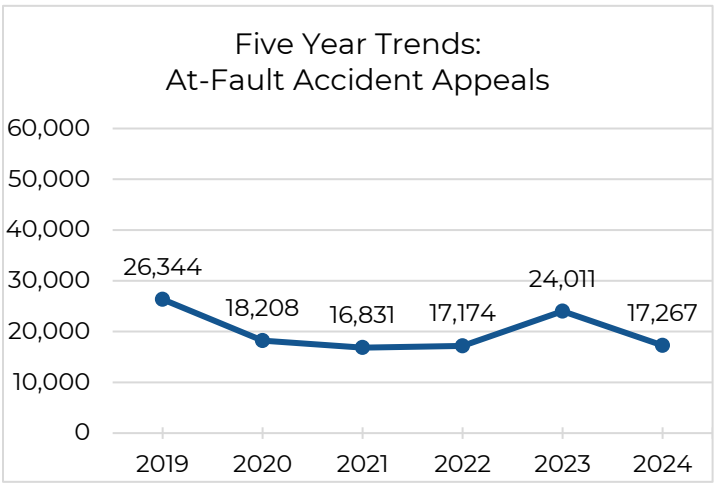
Primary Activities

On average, the Board's hearing officers hear approximately 20,000 – 30,000 at-fault accident determination appeal cases and 4,000 – 6,000 appeals of RMV actions per year. In 2024, the Board received 17,267 new appeals and held 25,060 hearings. Beginning in 2020, with the onset of the COVID-19 pandemic the Board began conducting hearings virtually. In 2024 most of the Board's hearings were conducted virtually with a small percentage of

hearings conducted administratively. In addition, the Board responds to consumer inquiries, conducts research on legal issues relative to our practices and proposes new legislation as necessary. The Board also works closely with the Office of the Attorney General to defend the decisions of the Board in Superior Court.

Hearings before the Board of Appeal are conducted in accordance with M.G.L. c. 30A, although the Board has also promulgated its own Practice and Procedure regulations for at-fault accident determination appeals – 211 C.M.R. 88.00.

Hearings on At-fault Accident Determinations



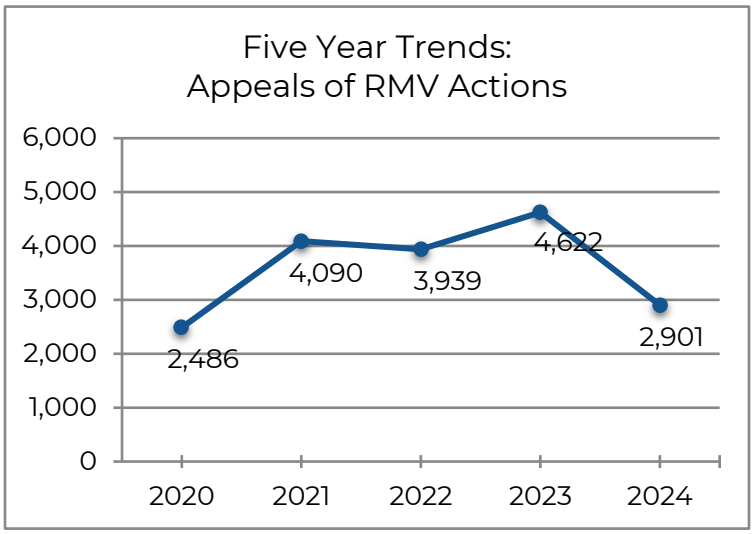
Each automobile insurance carrier administers a unique system of adjusting premiums based on an operator's driving record. Typically, these merit rating plans decrease premiums for years of incident-free driving and increase premiums for operators with at-fault accidents or traffic citations. These premium adjustments create a financial incentive that encourages safer driving.

A driver who feels he or she is not at fault for an accident may elect to have a hearing to contest that at-fault determination. These hearings only look at whether a driver is more than 50% at fault for the accident. This process ensures that each company's merit rating plan is being run fairly and equitably. During the hearing, the appellant and the insurer have the right to present relevant facts and circumstances by oral testimony or by documentary evidence, as well as to present witnesses and question any testimony offered by the other party. The appellant may elect to not participate in a virtual hearing and instead may submit a statement along with any relevant documents to the Board for an administrative review.

If the Board finds that the insurer's determination of fault was not in accordance with the Standards of Fault promulgated by the Commissioner pursuant to 211 CMR 74.00, the at-fault determination is vacated. The insurer must then refund to the appellant any additional collected premium that was specifically related to the vacated at-fault determination. If the Board finds that the insurer's determination of fault was in accordance with the Standards of Fault, the determination is upheld. The Board conducted and decided 25,060 hearings on appeals of at-fault accident determinations in 2024.

RMV Appeal Hearings

The Board was created by M.G.L. c. 26 § 8A and is given broad discretion through M.G.L. c. 90 § 28 to entertain appeals from any decision made by the RMV. Most of the appeals the Board hears involve driver's license suspensions, inspection station suspensions, school bus operator 7D certificates and ignition interlock violations. The Board reviews applicable law, sworn testimony, and relevant documentation from both an RMV representative and the appellant. After the hearing, the Board decides whether to affirm or modify the Registry's decision in any way. If the board decision allows an appellant to reinstate their license or right to operate, the decision must be provided to the RMV to complete the reinstatement process. A favorable decision is not equivalent to an operator's license being reinstated. The Board does not review license suspensions arising from a chemical test refusal or statutory revocation pursuant to a court order. The Board received 5,494 RMV hearing appeal requests and conducted and decided 5,656 hearings on appeals from RMV.



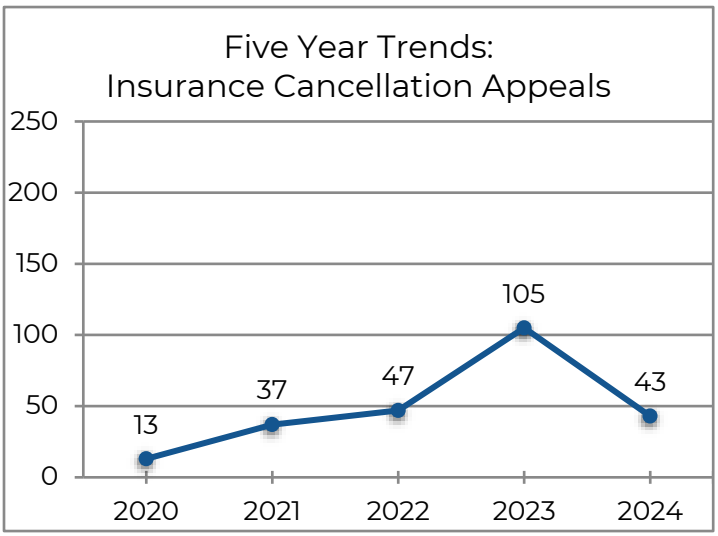
Breakdown of Types of RMV Appeals Heard and Decided by the Board in 2024

Interlock Violations	481
Interlock Device	201
Operating Under the Influence	1034
4 yr. loss Habitual Traffic Offender	117
Immediate Threat	1472
Drug Charge	31
30- day suspension/Handicap Placard Misuse	4
30- day suspension/3 Speeding Tickets	11
60- day suspension/Driving to Endanger/Recklessly	100
60- day suspension/7 Surchargeable Events	23
CDL Loss	206
Complaint Fraudulent License	245
Operating After Suspension	36
Inspection Station	19
Inspector	5
Handicap Placard Refusal	80
Fatal Accident Preliminary	21
Vehicular Homicide	32
Leaving the Scene/Property damage	18
Leaving the Scene/Personal injury	14

Medical Problem	521
Student Transport 7D License	45
JOL Speeding	174
No Insurance	9
Tinted Windows	42
3 Surcharge Events	44
Dealer/repair/farm plate	17
Driving School	4
Refusal to Transfer Title	6
School Bus	6
1 Year	1
Other	637
TOTAL	**5656**

Note: Total amount of RMV decisions rendered in 2024 will vary from total amount of RMV appeal requests received in 2024 based on appeal requests received in 2023 that were decided in 2024 or appeal requests received in 2023 that were not decided in 2024.

Automobile Insurance Cancellation



The Board conducts hearings on complaints arising from automobile insurance cancellations. If an insurance cancellation is at issue, a complaint must be filed with the Board prior to the effective cancellation date. If the complaint is timely filed, the policy will remain in effect until the Board adjudicates the appeal and issues a decision. If an appeal is filed after the cancellation date, but within 10 days of cancellation, the appeal will be heard by the Board, but the cancellation nevertheless will take effect. There were 43 insurance cancellations appeals heard in 2024.

A complaint may not be filed:

- If a policy has been secured from another insurance company.
- For non-payment of premium on a registered taxicab or fleet of taxicabs.
- On a cancellation of a policy effected by a finance company; or
- If a company refuses to renew a policy after the expiration of said policy.

Consumer Services

Mission

The Consumer Services Unit ("CSU") responds to inquiries and assists consumers in resolving insurance complaints or disputes against insurers, producers and other licensees. The Unit works to ensure that consumers are being treated in a fair and consistent manner by licensees. CSU helps consumers resolve various issues including claims, billing, benefits, underwriting and misrepresentation of policies, premium refunds, and cancellation concerns. The Unit protects policyholders by empowering and educating the public about insurance coverage, laws, and regulations. Unit personnel work to provide consumer education through consumer advisories and online resources. When appropriate, the Unit offers referral services to other organizations and state agencies, including the Massachusetts Health Connector, US Department of Labor, and Office of Patient Protection.

2024 Goals

- Investigate the majority of complaints within five months of receipt.
- Timely provide a customized and comprehensive response to all consumer inquiries.
- Respond to formal complaints with a customized letter detailing findings and, whenever applicable, assist consumers in receiving justifiable recoveries, such as required claim payments and premium refunds.
- Monitor reported consumer complaints for issue trends or patterns of improper business practices. Collaborate with Market Conduct and Special Investigation Units on notable concerns.

2024 Accomplishments

- CSU staff handled approximately 5,250 formal written information requests. The majority of questions from consumers concerned continuation of coverage, company contact information, denied claims, claim settlement delays, and premium rates.
- Insurance examiners received 3,151 new formal complaints and investigated and closed 3,495 cases.
- CSU resolved most complaint investigations within an average of 90 days of receiving the full complaint file.

Consumer Hotline

Consumers seeking personalized assistance with insurance-related matters may contact the Consumer Service Unit (CSU) through the consumer hotline, available Monday through Friday from 8:45 a.m. to 5:00 pm. Outside of regular business hours, including weekends, consumers may leave voicemail. A representative from CSU will return the call within 24 business hours.

Complaint Investigations: Protecting Policyholders

When a consumer files a formal complaint with CSU, after confirming jurisdiction the licensee named in the complaint is contacted in order to gather information. The complaint is then assigned to an insurance examiner to investigate the allegations and to work with the consumer and licensee toward a resolution. Complaints are investigated in accordance with applicable insurance laws, regulations, and contract provisions.

Complaints address consumer protection issues, such as delays in claim payment, concerns about increasing premiums, and cancellation of coverage. CSU monitors and tracks complaints in order to detect possible systemic concerns. Consistently, the top three common types of insurance coverage which the CSU receives complaints in regard to are auto, home, and health insurance. Some formal complaint investigations may have findings that the concern was unjustified; namely, when there is no apparent violation of a policy provision, contract provision, rule or statute, or there is no valid concern that a prudent layperson would regard as a practice or service that is below customary business practice.

Complaint resolution may result in recovered monies or realized coverage for consumers. The Unit received an average of 300 formal written complaints each month in 2024. Below are the 5 top reasons for complaints, as well as the top 5 companies complained against in 2024.

Top 5 Companies Complained Against in 2024 – All Complaints

1. Blue Cross and Blue Shield of Massachusetts, Inc. (BCBSMA)
2. LM General Insurance Company (Liberty Mutual insurance group)
3. Government Employees Insurance Company (GEICO)
4. Progressive Direct Insurance Company (Progressive)
5. Commerce Insurance Company (MAPFRE insurance group)

Top 5 Reasons for Complaints in 2024 – All Complaints

1. Denial of Claim
2. Claim Delay
3. Unsatisfactory Settlement/Offer
4. Premium & Rating
5. Cancellation

Online Consumer Publications and Information

As part of its mission to provide insurance consumers with accurate and useful information, the Division produced a variety of consumer advisories in 2024. These materials deliver information on relatively complicated insurance topics in a manner that is accessible and easily understood by consumers.

- Is your home winter weather ready
- Health sharing ministries
- Created dental insurance page
- Created resilient homes page
- Aerial imaging
- Discounts for PPA
- 2025 health rates
- Vehicle theft prevention month
- Webinar on flood insurance
- Hurricane preparedness
- Renters insurance back to school
- Life insurance awareness month
- Open enrollment

Administration

Mission

The Administration Unit is responsible for providing Division employees with various operational and administrative services related to the Division's budget; supply procurement, personnel and hiring; and workplace safety and comfort. It ensures that other agency departments have the necessary resources to carry out the Division's regulatory mission.

The Administration Department's mission is to ensure:

- The availability of adequate funding to carry out the Division's mission
- The efficient, accurate and secure receipt of revenue associated with fees, fines and assessments
- Communication of and compliance with federal, state and collective bargaining labor requirements
- The availability of knowledgeable, motivated and trained human resources capable of carrying out the Division's mission
- The timely payment of all Division fiscal obligations
- The best value procurement of goods and services
- The safety and security of employees, visitors, and property; and
- A comfortable work environment for employees and visitors.

2024 Goals

- Complete billing of assessments according to timelines to ensure collection of all open receivables before year-end and ensure compliance with state Comptroller guidelines and Division internal control plan.
- Timely and accurately collect all revenue while ensuring compliance with Comptroller guidelines and the Division internal control plan.
- Timely complete all hiring and staffing requests to ensure sufficient available human resources to carry out the Division's mission.
- Guide agency users in drafting and issuing bid requests for various necessary professional services. Assist in evaluating and selecting qualified vendors. Ensure procurements are completed in compliance with Operational Services Division requirements.

Appendix A: Acts, Regulations and Bulletins

2024 Acts

Chapter 140 of the Acts of 2024 - An Act Making Appropriations for the Fiscal Year 2025 for the Maintenance of the Departments, Boards, Commissions, Institutions, and Certain Activities of the Commonwealth, for Interest, Sinking Fund, and Serial Bond Requirements, and for Certain Permanent Improvements.
Amended Massachusetts laws to add M.G.L. c. 175, §§47VV; M.G.L. c. 176A, §§8WW; M.G.L. c. 176B, §§4WW; and M.G.L. c. 176G, §§4OO. The new sections expand coverage to include fertility preservation within those insured health benefit plans that are issued or renewed in Massachusetts.

Chapter 185 of the Acts of 2024 -An Act Promoting Access to Midwifery Care and Out-Of-Hospital Birth Options.
Expanded coverage within insured health benefit plans that are issued or renewed in Massachusetts for screening of postpartum depression and major depressive disorders, donor human milk and donor human milk-derived products, and universal postpartum home visiting services.

Chapter 231 of the Acts of 2024 - An Act Relative to Medically Necessary Breast Screenings and Exams for Equity and Early Detection.
Added M.G.L. c. 175, §47ZZ; M.G.L. c. 176A, § 8AAA; M.G.L. c. 176B, § 4AAA; and M.G.L. c. 176G, § 4SS, applicable to all contracts entered into, renewed, or amended on or after January 1, 2026:
An insured health plan that is "delivered, issued or renewed within the commonwealth that provides coverage for screening mammograms shall provide coverage for diagnostic examinations for breast cancer, digital breast tomosynthesis screening and medically necessary and appropriate screening with breast magnetic resonance imaging or screening breast ultrasound on a basis not less favorable than screening mammograms that are covered as medical benefits." There shall be no increase in patient cost sharing for: "(i) screening mammograms; (ii) digital breast tomosynthesis; (iii) screening breast magnetic resonance imaging; (iv) screening breast ultrasound; or (v) diagnostic examinations for breast cancer."

Chapter 275 of the Acts of 2024 -An Act Relative to Motor Vehicle Insurance
This emergency law revised certain provisions of Massachusetts motor vehicle insurance relative to compulsory minimum limits. It was declared an emergency measure essential for the preservation of public convenience, taking effect immediately. The law affects Division of Insurance oversight of motor vehicle insurance policy issuance, rating, and claims handling.

Chapter 285 of the Acts of 2024- An Act Relative to Treatments and Coverage for Substance Use Disorder and Recovery Coach Licensure
Known as the 'Harm Reduction Act,' this law mandated insurance coverage for opioid

antagonists such as naloxone without prior authorization and prohibited cost-sharing except where required for federal tax compliance. It required parity whether dispensed as a medical or pharmacy benefit and prohibited balance billing. It also mandated coverage for recovery coaches, prohibits discriminatory practices by life insurers related to prior opioid antagonist use, and provides liability protections for good faith use of harm reduction tools such as fentanyl test strips.

Chapter 238 of the Acts of 2024 – An Act Relative to Strengthening Massachusetts Economic Leadership
Enacted on an emergency basis. Among other things established an auto body labor rate advisory board to conduct a survey on labor rates and make recommendations on a fair and equitable labor rate by December 31, 2025.

Chapter 342 of the Acts of 2024, An Act Relative to Pharmaceutical Access, Costs and Transparency.
Provided for restrictions on cost sharing for drugs for chronic conditions, including diabetes, asthma, and heart conditions.

Chapter 388 of the Acts of 2024, An Act Relative to Applied Behavioral Analysis Therapy. Modified Massachusetts laws to add M.G.L. c. 175, §47AA1/2; M.G.L. c. 176A, §8DD1/2; M.G.L. c. 176B, §4DD1/2; and M.G.L. c. 176G, §4V1/2. The Act provided for coverage for the treatment of Down syndrome through speech therapy, occupational therapy, physical therapy and applied behavior analysis services.

Chapter 197 of the Acts of 2024, - An Act to improve quality and oversight of long-term care Among other things provided that insurance companies must issue approvals on post-acute transfer in under one calendar day and that they must use the uniform prescreening form.

2024 Regulations

211 CMR 156.00 — Dental Insurance (Effective April 12, 2024)
Issued under the authority of M.G.L. c. 176X, this regulation established comprehensive standards for stand-alone dental benefit plans. It required carriers to comply with defined dental loss ratio standards, submit actuarial certifications, and follow public hearing requirements for rate filings. It also defined key terms such as 'Actual Dental Loss Ratio,' 'Actuarial Opinion,' and 'Carrier.'

211 CMR 66.00 — Small Group Health Insurance (Amendment Effective January 1, 2024)
This amendment clarified that certain premium adjustment provisions applied only to rates effective January 1, 2024, or later. It empowered the Commissioner to order refunds or adjustments if carriers failed to comply with statutory or regulatory standards, ensuring stronger DOI oversight of merged market filings.

211 CMR 7.00 – Massachusetts Insurance Holding Company System (Amendment Effective February 2, 2024).

This amendment added requirements relative to insurance holding company group capital calculations consistent with the current version of the National Association of Insurance Commissioners Insurance Holding Company System Model Regulation.

2024 Bulletins

Bulletin 2024-01 — Prior Authorization Form for ABA Services (Issued January 16, 2024)
Adopts a standard prior authorization form for Applied Behavioral Analysis (ABA) services, developed through the Massachusetts Collaborative. Carriers must accept the standard form (paper, electronic, attachment, or fax) and may not require alternative forms. Carriers have 90 days to implement system changes; providers using older forms may continue for six months. The standard form is deemed sufficient for carriers to determine medical necessity and appropriateness of requested services. (*Bulletin 2024-01; Authority: M.G.L. c. 176O, § 25(c)*)

Bulletin 2024-02 — Content of Behavioral Health Wellness Examinations according to Chapter 177 of the Acts of 2022 (Issued January 16, 2024)
Clarifies the content and coverage of annual behavioral health wellness examinations. Confirms no patient cost sharing, except where applying cost sharing is necessary for a federal tax-exempt plan to maintain its status. Directs carriers to provide member notices if cost sharing is required solely due to federal tax rules. Aligns the benefit with newly created statutory mandates. (*Bulletin 2024-02; Authority: M.G.L. c. 175, § 47TT; c. 176A, § 8UU; c. 176B, § 4UU; c. 176G, § 4MM; Chapter 177 of the Acts of 2022*)

Bulletin 2024-03 — Step Therapy Protocols Pursuant to Chapter 254 of the Acts of 2022 (Issued January 16, 2024)
Implements statutory requirements for step therapy protocols. Requires carriers to maintain clear, accessible processes to request exceptions and sets criteria under which exceptions must be granted (e.g., contraindication, expected ineffectiveness, documented prior failure). Establishes timelines and documentation standards for utilization review and appeals. (*Bulletin 2024-03; Authority: M.G.L. c. 176O, § 12A; Chapter 254 of the Acts of 2022*)

Bulletin 2024-03 — Massachusetts Standard Forms for Prior Authorization Request (Issued January 16, 2024)
Adopts statewide standard prior authorization forms to streamline medical management: a general Medication Prior Authorization form, a Chemotherapy and Supportive Care Prior Authorization form, and a Hepatitis C Medication Prior Authorization form. Carriers must accept the standard forms and integrate them into their review processes consistent with M.G.L. c. 176O. (*Bulletin 2024-03 (Standard Forms — Medication; Chemotherapy and Supportive Care; Hepatitis C); Authority: M.G.L. c. 176O*)

Bulletin 2024-04 — Special Open Enrollment Period in 2024 Related to MassHealth Redeterminations (Issued January 31, 2024)
Designates a temporary triggering event for individuals who lose MassHealth coverage during calendar year 2024 (and certain individuals who lost MassHealth on or after April 1, 2023, and remain unenrolled) to enroll in commercial coverage. Extends the qualifying special enrollment period through November 23, 2024. Directs carriers to implement all

necessary steps to facilitate enrollment and continuity of coverage in coordination with the Health Connector. (*Bulletin 2024-04; Authority: M.G.L. c. 176J; See also Bulletin 2023 09*)

Bulletin 2024-05 — Attachment to "Guide to Health Insurance for People with Medicare" (Issued February 23, 2024)
Updates the consumer attachment to the Medicare guide and directs carriers to ensure members receive accurate, current information regarding Medicare options, eligibility, and protections. Emphasizes timely distribution and the use of standardized materials. (*Bulletin 2024-05*)

Bulletin 2024-06 — Inducements, Rebates and Affiliated Entities (Issued May 24, 2024)
Reminds insurers and producers that rebates, inducements, and similar considerations offered directly or via affiliates are prohibited as unfair or deceptive acts in the business of insurance. Reinforces carrier compliance duties, oversight of producer conduct, and the Division's enforcement authority. (*Bulletin 2024-06; Authority: M.G.L. c. 176D, § 3(8)*)

Bulletin 2024-07 — Executive Order No. 633: Abortion, Abortion-Related Care and Medication Abortion Services (Issued June 24, 2024)
Identifies carriers' obligations to cover abortion and medication abortion services without barriers such as inappropriate prior authorization, delays, or discriminatory cost sharing. Aligns coverage with Executive Order No. 633 and applicable state mandates across insured health products. (*Bulletin 2024-07; Authority: Executive Order No. 633*)

Bulletin 2024-08 — Executive Order No. 633: Medical Malpractice Coverage for Providers of Reproductive or Gender-Affirming Health Care Services (Issued June 24, 2024)
Directed to medical malpractice insurers. Prohibits discriminatory exclusions, surcharges, or adverse underwriting actions against providers who offer reproductive or gender affirming care. Requires policy terms and practices to comply with Executive Order No. 633 and state law. (*Bulletin 2024-08; Authority: Executive Order No. 633*)

Bulletin 2024-09 — Continued Access to Care for Covered Persons Impacted by the Closing of Carney Hospital and Nashoba Valley Medical Center (Issued August 16, 2024)
Directs carriers to relax prior authorization, ensure continuity of care, and facilitate transitions to in network providers for covered persons affected by the closures. Emphasizes timely access, continuity for ongoing courses of treatment, and proactive member communication. (*Bulletin 2024-09*)

Bulletin 2024-10 — The Use of Artificial Intelligence Systems in Insurance (Issued December 9, 2024)
Sets governance and risk management expectations for insurers' use of AI systems across underwriting, pricing, claims, marketing, and other functions. Requires controls to prevent unfair trade practices and discrimination, documentation of AI models and data, and oversight commensurate with risk. (*Bulletin 2024-10; Authority: Applicable Massachusetts insurance laws, including M.G.L. c. 176D*)

Bulletin 2024-11 — Guidance for Massachusetts Domestic Insurers on Managing the Financial Risks for Climate Change (Issued December 9, 2024)

Provides expectations for the identification, measurement, and management of climate related financial risks. Addresses governance, risk management, scenario analysis, and disclosures; aligns timelines and supervisory expectations for domestic insurers and certain related entities. (*Bulletin 2024-11; Authority: Executive Order No. 604*)