

## **Insurance Premium Finance Board Request for Information & Comment**

The Massachusetts Insurance Premium Finance Board (Board) seeks input regarding the current state of the insurance premium finance landscape. Pursuant to its statutory mandate under G. L. c. 175, § 162B, the Board is seeking information in order to assess whether consumer insurance premium finance contracts are made under rates and charges that are equitable and nondiscriminatory.

The Board welcomes interested members of the public, consumers, consumer advocates, and industry members to provide the Board with the information it seeks, as set forth below, and to provide any other information that such parties believe may be useful to the Board in carrying out its statutory mandate.

In conjunction with this request for information and comment, the Board will be holding further meetings in accordance with the Commonwealth's Open Meeting Law. For information on the Insurance Premium Finance Board and its upcoming meetings, please visit: <https://www.mass.gov/orgs/premium-finance-board>.

Please note that due to the ongoing COVID-19 pandemic, the Board's meetings will be held in virtual format until further notice.

The Board is specifically seeking the following data - particularly from industry members - to aid in its review:

- The interest rates and fees paid by consumers on insurance premium finance contracts, by line of insurance (e.g., private passenger auto), particularly for the most recent year(s);
- The types of insurance that are typically financed by consumers through premium finance contracts and the approximate volume for each line of insurance;
- Information regarding how interest rates on consumer insurance premium finance contracts are determined, and whether this varies by insurance line;
- Information regarding the structure of the consumer insurance premium finance agreements by line of insurance (including exemplar contracts); specifically, the typical down payment amount or percentage of down payment required and the number of installments;
- A summary or explanation of the arrangements/relationships with insurance producers and other financial institutions, if any, relating to consumer insurance premium finance transactions;
- Financial results for the most recent year(s) relating to consumer insurance premium finance contracts (e.g., revenue, costs, profits, assets, liabilities and surplus);
- Information regarding extensions or deferments provided on consumer insurance premium finance contracts, including the number of such extensions or deferments provided for the most recent year(s);
- The number and/or percentage of consumer premium finance contracts on which the finance company lost money, by insurance line;
- An explanation regarding the circumstances in which, in the event of non-payment by the consumer, insurance premium finance companies are exposed to the risk of being unable

to cancel the underlying insurance policy for a refund that equals or exceeds the amount of the consumer's outstanding loan balance.

The Board is also seeking the following:

- Information on the impact of the COVID-19 pandemic on insurance premium financing in Massachusetts;
- Information on any trends in the industry of which the Board should be aware;
- Any additional comments and testimony that may be helpful to the Board in carrying out its statutory mandate.

Please submit your information and comments on this important issue to the Board's email [premiumfinanceboard@mass.gov](mailto:premiumfinanceboard@mass.gov) by Monday, January 18, 2021.