



COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs and Business Regulation

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Massachusetts Property Insurance Underwriting Association

2009 Rate Filings

Docket No. R2009-02

Decision and Order

On October 30, 2009 the Massachusetts Property Insurance Underwriting Association (“MPIUA”), commonly known as the Fair Plan, filed with the Division of Insurance (“Division”) proposed revisions to the rates and rules for Homeowners Multi-Peril Insurance, Dwelling Fire and Extended Coverage, and Commercial Fire and Allied Lines. The proposed effective date for each MPIUA filing was December 31, 2009. The statewide overall rate level effect of the proposed rate changes for all forms of Homeowners Multi-Peril Insurance was +1.9 percent.¹ Rate changes, by territory, were capped at 10.0 percent. For Dwelling Fire and Extended Coverage, the overall rate level effect of the proposed rate changes was +7.1. The MPIUA sought no change to the rates for Commercial Fire and Allied Lines.

The Division issued a hearing notice on November 6, 2009, scheduling a public hearing on the rate filings for December 15, 2009, and setting dates and procedures for intervention, discovery, and a pre-hearing conference. Cross-examination of the MPIUA witnesses began on December 16 and concluded on December 21.

¹ By policy form, the proposed statewide rate level changes were +2.2 percent for Homeowner’s Forms HO-2, HO-3, and HO-5, -14.6 percent for Tenant’s Form HO 4, and -7.1percent for Condominium Form HO-6.

The parties, the Division's State Rating Bureau, the MPIUA and the Attorney General, submitted a signed stipulation ("Stipulation") to the Commissioner on January 6, 2010. The Stipulation, which is attached to and incorporated into this decision, provides that the parties agree that they will not object to or appeal from the Commissioner's approval of the rates, rating factors, loss cost multipliers, rules, forms and relativities proposed in the MPIUA's filings, as specifically amended by Attachment A to the Stipulation. Attachment A sets out, by territory, stipulated rate level changes for the Homeowners' Multi-Peril policy forms HO-2, HO-3 and HO-5. For those policy forms, the Stipulation will produce an overall rate level change of -0.72 percent. The Stipulation also provides that the rates, rating factors, loss cost multipliers, relativities, rules and forms that it covers will apply to new and renewal policies to be effective on and after March 31, 2010.

The MPIUA is mandated by statute to make basic property insurance available at reasonable cost to eligible applicants who are unable to obtain such insurance in the voluntary market. Its rates, filed in accordance with G.L. c. 174A and c. 175A, must not be excessive, inadequate, or unfairly discriminatory. The Commissioner's review of the proposed FAIR Plan homeowners' rates also is governed by the standards set forth in G.L. c. 75C, §5.

ORDER

Based on the record in this proceeding, we find that the agreements set forth in the Stipulation will result in rates which are not excessive, inadequate, or unfairly discriminatory, and meet the standards set forth in G.L. c. 175C, § 5. We, therefore, approve the Stipulation in its entirety.

January 14, 2010

Stephen M. Sumner
Presiding Officer

Jean F. Farrington
Presiding Officer

Affirmed:

January 14, 2010

Joseph G. Murphy
Acting Commissioner of Insurance