

**HOUSE . . . . . No. 311**

---

The Commonwealth of Massachusetts

PRESENTED BY:

*Sarah K. Peake*

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to Massachusetts homeowners' insurance rate filings.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Sarah K. Peake</i>	<i>4th Barnstable</i>
<i>Cory Atkins</i>	<i>14th Middlesex</i>
<i>Daniel A. Wolf</i>	<i>Cape and Islands</i>
<i>Demetrius J. Atsalis</i>	<i>2nd Barnstable</i>
<i>Timothy R. Madden</i>	<i>Barnstable, Dukes and Nantucket</i>
<i>Cleon H. Turner</i>	<i>1st Barnstable</i>
<i>Randy Hunt</i>	<i>5th Barnstable</i>

# HOUSE . . . . . No. 311

---

By Ms. Peake of Provincetown, a petition (accompanied by bill, House, No. 311) of Sarah K. Peake and others relative to homeowners insurance rate filings that include a charges for expected hurricane losses or catastrophes. Financial Services.

---

## The Commonwealth of Massachusetts

—————  
**In the Year Two Thousand Eleven**  
—————

An Act relative to Massachusetts homeowners' insurance rate filings.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Section 1. Chapter 174A, Section 5 of the General Laws is hereby amended by striking the last  
2 sentence of paragraph 3 and inserting after paragraph 3 the following new paragraphs 4, 5, and 6:

3

4       4. In any homeowners insurance rate filing that includes a charge for expected hurricane  
5 losses based on the output of a hurricane model (whether as a hurricane load or as a component  
6 of a reinsurance charge), the insurance company has the burden to demonstrate in the filing that  
7 (i) the frequency or incidence of hurricanes of each category 3, 4, and 5 respectively used for  
8 determining the filed hurricane losses in the model is no greater than the historical frequency or  
9 incidence of each such category of hurricane at the time of landfall in Massachusetts in the long-  
10 term HURDAT database, and (ii) the damage or vulnerability function in the model used for  
11 determining the filed hurricane losses in the model accurately reflects the damageability or  
12 vulnerability of homes in Massachusetts.

13

14           5. In any homeowners insurance rate filing that includes a charge in rates for the cost of  
15 reinsurance for expected hurricane or other catastrophe losses, the insurance company shall have  
16 the burden of showing in the filing the dollar amount of expected hurricane or other catastrophe  
17 losses covered by the reinsurance and the means by which such amount is determined. No  
18 amount of or charge for reinsurance shall be included in the calculation of homeowners rates that  
19 is more than 100% greater than the amount of the expected hurricane or other catastrophe losses  
20 covered by reinsurance.

21

22           6. In any homeowners insurance rate filing that includes a charge for expected hurricane  
23 losses, the insurance company shall include actuarially reasonable discounts, credits, or other  
24 rate differentials, or appropriate reductions in deductibles, for properties on which fixtures or  
25 construction techniques demonstrated to reduce the amount of loss in a windstorm have been  
26 installed or implemented. Such fixtures or construction techniques shall include, but not be  
27 limited to, fixtures or construction techniques which enhance roof strength, roof covering  
28 performance, roof-to-wall strength, wall-to-floor-to foundation strength, opening protection, and  
29 window, door, and skylight strength.

30

31 Section 2. Chapter 174A, Section 7 (a) of the General Laws is hereby amended by striking the  
32 word “he” in the first sentence and inserting the words “or upon motion of the Attorney General,  
33 the Commissioner”, and by inserting after the first sentence the following words: “In a hearing

34 under this section, any party may obtain discovery of all materials, including models and  
35 calculations, pertinent to the filing.”

36

37 Section 3. Chapter 174A, Section 7 (b) of the General Laws is hereby amended by inserting the  
38 following paragraph after the first paragraph: If the Commissioner determines that any already  
39 effective premium is excessive, he shall order a specific decrease in that premium to be effective  
40 six months from the date of the filing under consideration. He shall order a specific decrease  
41 irrespective of whether any insurance company or rating organization has filed for a decrease in  
42 any premium rate.

43 Section 4. Chapter 175C, Section 5 of the General Laws is hereby amended by inserting at the  
44 end of section (b) the words: “and provided, further, that if the commissioner determines that  
45 any already effective premium is excessive, he shall order a specific decrease in that premium to  
46 be effective six months from the date of the filing under consideration. He shall order a specific  
47 decrease irrespective of whether any insurance company or rating organization has filed for a  
48 decrease in any premium rate.”

49

50 Section 5 of Chapter 175C of the General Laws is further amended by inserting at the end of the  
51 third sentence of section (c) the words: “provided that (1) the association shall have the burden to  
52 demonstrate in the filing that (i) the frequency or incidence of hurricanes of each category 3, 4,  
53 and 5 respectively used for determining the filed hurricane losses in the model is no greater than  
54 the historical frequency or incidence of each such category of hurricane at the time of landfall in  
55 Massachusetts in the long-term HURDAT database, and (ii) the damage or vulnerability function

56 in the model used for determining the filed hurricane losses in the model accurately reflects the  
57 damageability or vulnerability of homes in Massachusetts, (2) the association shall have the  
58 burden of showing in the filing the dollar amount of expected hurricane or other catastrophe  
59 losses covered by the reinsurance and the means by which such amount is determined, and no  
60 amount of or charge for reinsurance shall be included in the calculation of homeowners rates that  
61 is more than 100% greater than the amount of the expected hurricane or other catastrophe losses  
62 covered by reinsurance, and (3) the association shall include actuarially reasonable discounts,  
63 credits, or other rate differentials, or appropriate reductions in deductibles, for properties on  
64 which fixtures or construction techniques demonstrated to reduce the amount of loss in a  
65 windstorm have been installed or implemented. Such fixtures or construction techniques shall  
66 include, but not be limited to, fixtures or construction techniques which enhance roof strength,  
67 roof covering performance, roof-to-wall strength, wall-to-floor-to foundation strength, opening  
68 protection, and window, door, and skylight strength. In a hearing under this section, any party  
69 may obtain discovery of all materials, including models and calculations, pertinent to the filing.”