

Insurance Times: Mass. advances commercial deregulation bill
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BOSTON — A proposed Massachusetts commercial lines deregulation bill reached a big milestone recently when legislators moved it out of committee with a favorable report.

The bill – H.2360 – would deregulate insurance rates and forms for larger commercial policyholders and also set eligibility requirements before insureds can participate.

Debate on the bill now moves from the State Legislature’s Joint Committee on Insurance to the full House of Representatives.

“We’re happy and pleased that the Joint Committee on Insurance has taken a step toward joining a number of other states on the road to enacting some form of commercial lines deregulation,” said Frank O’Brien, regional manager and counsel for the Alliance of American Insurers.

The American Insurance Association also supports the bill and released an Oct. 31 statement outlining its reasons.

“This legislation will provide meaningful regulatory relief for many Massachusetts commercial insureds, (many who) are going to unregulated, off shore insurers to get the products they need,” said James Harrington, AIA vice president, northeast region.

The bill apparently trumps a commercial lines deregulation bill filed by the Division of Insurance in December 2000, which lacks a threshold to keep small companies from participating. Both versions deregulate forms and rates but the bill approved by the Joint Committee includes greater limits before companies qualify.

According to AIA, an insured must meet a number of qualifications outlined in the Joint Committee bill before joining a deregulated market, including having aggregate property and casualty insurance premiums of \$28,000 excluding workers compensation.

The company or business must meet two other criteria from the following: a net worth of at least \$10 million; net revenues or sales of \$5 million; employ 25 people or more in an individual company, 50 or more in a holding company; be a non-profit or public entity with annual budget or assets of \$25 million, or be a municipality with more than 20,000 people, and retain a risk manager.

Frank Mancini, executive vice president of the Massachusetts Association of Independent Agents, said at the time that his association opposed the earlier bill because it was “extremely broad.”

The revised bill, Mancini said, is “getting ... a lot closer to something we can support.”

Mancini said agents are glad companies would have to meet a minimum criteria to qualify and said the requirement is something “we can be supportive of.”

On the other hand, he said, the \$28,000 premium level “troubles us somewhat” and should be “a little bit higher.”

Regardless, he said, the newer bill “does reflect the approach that other states have taken and we think that’s reasonable.”

O’Brien said he was hopeful the bill will pass, though the chance of that happening this year isn’t likely because the legislature is in its last month of formal sessions.

“I would like to see action sometime this year,” he said, “but realistically we’re looking at action sometime next year. That’s not atypical at all of how the Massachusetts legislature works.”