

# Mass. P&C tax erased from Senate budget

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by Pat Healy

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BOSTON — The Massachusetts Senate dropped one of the more controversial parts of its budget – a surcharge on residential and commercial homeowners insurance before finalizing its spending plan. The surcharge, which is not in the House budget, was intended to raise \$40 million to pay for homeland security efforts.

If levied the fee would have added about \$25 to the average homeowners costs, at a 2.3 percent increase in insurance premiums. However, it wasn't the money that bothered the insurers as much as it was the principle.

"It's outrageous," said Frank O'Brien, New England regional vice president of the Alliance of American Insurers. "It's a situation in which the Senate has singled out a particular industry to support and pay for what is essentially a public function, and that is public safety."

After the Senate's effort was dropped O'Brien expressed gratitude to Governor Mitt Romney and lawmakers for the change.

Peter Robertson, Massachusetts counsel for the National Association of Independent Insurers, wrote a letter to Senator Guy W. Glodis (D), urging him to seek to remove the provision because it was "not a fair or appropriate method of dealing with financial difficulties" faced by Massachusetts.

Sen. Glodis, chair of the Committee on Insurance, couldn't have agreed more.

"Though there remains little question about the need to find a fixed revenue stream for emergency public safety services, I believe an additional surcharge on homeowners insurance is a misdirected and ill-conceived proposal," he said.

Frank Mancini, executive vice president of the Massachusetts Association of Insurance Agents, also questioned the surcharge.

"I don't understand why homeowners and policy holders should be charged for the police and fire protection when they pay for that already through their taxes," he said.

James T. Harrington, executive director of the newly-formed Massachusetts Insurance Federation, said the Senate's version of the budget was like one more straw on an increasingly weakening camel's back.

"I think they've hit a nerve here," he said. "Beyond the reaction being offered by representatives of the insurance industry I'm talking about policyholders. And if you put this in the context of the workers comp rate hearing, this is just becoming a difficult state to conduct business in." □