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**FOR IMMEDIATE RELEASE**  
**May 27, 2010**

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## **AG COAKLEY PROPOSES NEW CONSUMER PROTECTIONS FOR AUTO INSURANCE MARKETPLACE**

*New Changes Will Ensure Greater Transparency, Enhance Policy Holders' Ability To Shop Effectively, And Prevent Deceptive Practices By Insurance Companies Against Consumers*

**BOSTON** – Working to ensure that consumers receive greater protections within the new managed competition auto insurance marketplace, Attorney General Martha Coakley has proposed comprehensive new regulations.

The new consumer protection regulations, filed by her office with the Secretary of State's Office, would increase the level of transparency, enhance policy holders' ability to shop effectively for policies, and better prevent deceptive practices by insurance companies against consumers. The office will hold a series of public hearings on these proposals in June. The proposed regulations are available on the [Attorney General's website](#).

“We have seen some positive changes since the auto insurance marketplace was de-regulated two years ago,” AG Coakley said. “However, there are still many improvements that should be made within this system to better protect consumers. The consumer protections we are proposing today will enhance competition in the auto insurance market, improve consumers' ability to shop effectively for premiums, better prevent deceptive practices by insurers, and ensure greater transparency and fairness for all.”

The proposed new regulations are promulgated under the Consumer Protection Act (Massachusetts General Laws Chapter 93A) and address certain unfair and deceptive practices that have been observed in the auto insurance industry by the AG's Office and other consumer advocates. In December, the Attorney General's Office released a detailed [report](#) which described several concerns about practices in the current marketplace and identified potential remedies. The major problems outlined by the report were barriers in the marketplace that hindered consumers from shopping effectively, increased ratings based on non-driving factors, and decreased transparency in rating and insurer practices.

The proposed protections prohibit certain unfair and deceptive conduct in the sale of auto insurance. Specifically, the regulations:

- Protect consumers from insurance companies that use discriminatory factors or proxies for illegal factors in rating or underwriting auto insurance



the proposed regulations before determinations regarding promulgation.

The Attorney General represents the public interest in administrative rate reviews of insurance company rate filings, brings actions in Superior Court against insurers that commit unfair or deceptive acts or practices, and is authorized under the state Consumer Protection Act to write regulations governing the conduct of insurance companies in the auto insurance marketplace. In addition, the Attorney General has been working to explore ways to improve consumer choice in auto insurance by a variety of initiatives and an increased public awareness campaign regarding auto insurance choices. Finally, the Attorney General's Office provides mediation services to assist consumers in disputes with auto insurers, and has assisted more than 250 Massachusetts drivers with such disputes in the last year.

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### **MAIA Quick Review of Regulation**

MAIA has made a quick review of the proposed regulations. It seems that the only place where producers are specifically mentioned is in Section 28.13. This section addresses two main points: 1) it prohibits the steering of business based on the level of remuneration paid by the insurer, and 2) requires a producer to provide quotes for all companies represented by the agency, except in certain situations. We will make a more comprehensive review of the proposed regulations over the weekend and provide an update next week.