

September 15, 2021

Joint Committee on Financial Services
c/o Chairs Jamie Murphy and Brendan Crighton
State House, Room 520
Boston, MA, 02133

RE: S.661/H.1080, “An Act relative to Commonwealth automobile reinsurers”

Dear Chairs Crighton, Murphy, and Members of the Committee:

We are submitting this letter on behalf of the Massachusetts Association of Insurance Agents (MAIA) and our nearly 1,200 independent insurance member agencies across the Commonwealth to ask that you please report favorably out of Committee S.661/H.1080, “An Act relative to Commonwealth automobile reinsurers.”

There is currently no known opposition to this legislation. This is a technical correction that has lingered for years since the advent of managed competition in the Massachusetts auto insurance marketplace. In addition to MAIA, this bill is also supported by the Massachusetts Insurance Federation which represents a large number of carriers that write business in Massachusetts.

These bills would remove the requirement that 2 of the 6 insurance producers on the Commonwealth Automobile Reinsurers (CAR) Governing Committee for assigned risk plans be those who write automobile insurance exclusively through the Massachusetts Automobile Insurance Plan (MAIP). Removing this requirement would reflect changing conditions in the insurance industry; the number of agents who write automobile insurance exclusively through the MAIP today is negligible, meaning that only a handful of agents are eligible for these two seats while thousands of agents compete for the remaining four. **In addition, agents are currently underrepresented on the CAR Governing Committee as these 2 seats are vacant due to a lack of interested applicants that meet the criteria.**

Today, the MAIP is the mechanism by which eligible risks who are unable to obtain voluntary coverage are assigned to an insurer for the purpose of obtaining private passenger motor vehicle insurance coverage. Formerly, Exclusive Representative Producers (ERPs) serviced the residual market, assigned to specific insurance companies by CAR. ERPs legally ceased to exist on April 1, 2009 when the door to the former reinsurance pool of the residual market closed and the MAIP became the sole residual market for private passenger automobile insurance in Massachusetts. The MAIP provides for equal access for all agencies to the

residual market and encouraged the appointment of ERPs to voluntary agency contracts. Only one form of agents, Assigned Risk Producers, now service the residual market. Every agent licensed to sell automobile insurance in Massachusetts must also be an Assigned Risk Producer. Where there were once hundreds of ERPs across the Commonwealth, now only a handful of agents remain without voluntarily secured contracts with insurance companies.

The requirement that 2 of the 6 insurance producers on the Governing Committee write exclusively through the MAIP is outdated. Removing this requirement would not prohibit such agents from sitting on the Governing Committee, it would simply open up these previously reserved seats to the overwhelming majority of agents who are Assigned Risk Producers *and* hold voluntarily secured contacts with insurance companies.

On behalf of our member, we thank you for your continued support for independent agents across the Commonwealth, and we urge you to please report this bill favorably out of Committee.

Please feel free to reach out with any questions you may have.

Sincerely,



Nicholas A. Fyntrilakis
President & CEO
Massachusetts Association of Insurance Agents