

---

# Massachusetts Association of Insurance Agents

*Professionalism Through Independence*

---

info@massagent.com  
www.massagent.com

**FOR IMMEDIATE RELEASE:**

April 7, 2008

**CONTACT:**

Donna M. McKenna  
Vice President of Communications  
Phone: 800-972-9312 – 508-628-5452  
Fax: 508-628-5444  
Email: [dmckenna@massagent.com](mailto:dmckenna@massagent.com)

**MAIA SAYS SIX MONTH POLICY IS NOT A GOOD THING**

Framingham, MA—Reacting to Insurance Commissioner Nonnie Burnes' Bulletin 2008-07 which spells out the requirements an insurance company must follow to issue six-month private passenger auto insurance policies, the Massachusetts Association of Insurance Agents (MAIA) has enumerated some of the reasons why a six-month policy might not be good for consumers.

In March, MAIA notified Commissioner Burnes of their opinion that six-month policies are not permitted by state law. In a letter to the Commissioner, MAIA President Francis A. Mancini, Esq., noted: "Chapter 175, Section 113A (MGL) does address this matter. Paragraph 15 of this section states, in part, that 'the insured shall have the option to purchase and the insurer shall not refuse to issue an annual motor vehicle policy ...' The paragraph goes on to state that, 'Insurers may offer such policies or bonds for a period of more than one year but no more than two years.'"

The letter continued, "This paragraph does not reference a six-month policy or any policy term less than an 'annual' policy. If the Legislature had intended for policies to be available for a term of less than one year, it would have so stated. It did so in the next paragraph of this section where it states, 'For policies insuring motorcycles, trailers and other recreational type vehicles, insurers shall, at the option of the insured, issue a policy for a period of less than one year ...'"

– more –



137 Pennsylvania Avenue, Framingham, MA 01701  
TEL (508) 628-5452 • (800) 972-9312 • FAX (508) 628-5444  
Francis A. Mancini, Esq., President & CEO



"In our judgment, the Legislature has determined that private passenger auto insurance policies are to be for a term of at least one year, but no more than two years. We trust that the DOI will comply with this determination in its review of any private passenger auto insurance rate filing," the letter concluded.

Shortly after the issuance of Bulletin 2008-07 by Commissioner Burnes, MAIA outlined some of potential pitfalls and consequences for consumers being issued six-month policies including:

1. Companies would adjust premium every six months, rather than annually. This is particularly important now that companies may make rate filings as often as they want or need. This isn't a bad thing when rates are going down, but this change would also allow insurers to implement rate increases more quickly.
2. The impact of an at-fault accident or conviction of a traffic violation would impact policy premium more quickly than in the past, since the merit rating experience period is measured from the policy inception or renewal date back between three and six years, depending upon your insurer.
3. Changes or limitations in coverage would be implemented sooner.
4. A policyholder's eligibility for special company discounts, group programs, optional coverages and credits could be adjusted more frequently with a six-month policy.

Even though the Commissioner's bulletin requires a company to first obtain a written acknowledgement from a policyholder or applicant to change to a six-month policy, MAIA is concerned that consumers will feel pressured to sign the acknowledgement because of their uncertainty about the availability of coverage unless they agree to the shorter policy.

Concluded Mancini, "Massachusetts private passenger automobile insurance is undergoing dramatic changes with the introduction of managed competition. As consumers explore their options under the new system, they must be certain they are comparing apples to apples as to coverages, credits, discounts and other policy enhancements. We must now add to that list the length of the policy term. Insurance companies may try to lure consumers by offering a six-month policy."

“Consumers must be cautious of such schemes and be aware of the concerns we have outlined. Our best advice is to urge consumers to talk with their independent insurance agent before embarking on significant changes to their insurance plan. Independent agents generally represent many companies and can provide consumers with many options under the new managed competition system.”