



MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

UNDERWRITING DIVISION

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The Massachusetts Property Insurance Underwriting Association (MPIUA), at the direction of its Board of Directors in an effort to promote the vitality of the Homeowners Insurance Market, has undertaken an initiative to depopulate MPIUA. The result of this initiative has been the creation of a Clearinghouse. The second page of this document includes a basic workflow of how the Clearinghouse will work. However, the introduction of this Clearinghouse has resulted in some frequently asked questions. The following attempts to address some of those questions.

Why was the Clearinghouse created?

MPIUA, a residual market insurer, supported by all of the licensed insurance companies in the State of Massachusetts, is also one of the largest Homeowners insurers in the Commonwealth of Massachusetts. Many of these Homes are also eligible for coverage with one or more of the licensed insurance companies. The Clearinghouse is designed to promote the depopulation of the FAIR Plan, by creating an avenue for the properties to be reviewed by Participating Insurers, while also opening discussion between Participating Insurers and Insurance Agents (Producers) about the insurability of these properties.

Can a company bypass the Producer to market homeowners insurance directly to the insured?

No. In order to participate in the Clearinghouse, all companies must sign an Agreement with MPIUA. This Agreement expressly states that the Producer owns the expirations/renewals and that Participating Insurers must have a “contractual agreement” with the Producer in order to communicate an offer to an MPIUA Policyholder. Participating Insurers which use the Clearinghouse for a purpose not allowed under the Agreement, including bypassing the listed Producer, are in a violation of the Agreement.

Is a company required to have an “Agency Agreement” with a producer to discuss moving business from the FAIR Plan?

The Clearinghouse Agreement requires a “contractual agreement” to exist between the listed Producer and the Participating Insurer before any discussion of a property begins. In general, this would mean that an “Agency Agreement” exists between the two parties. However, a “Limited Servicing Agreement” could also be established to discuss such business.

Can the Insured cancel the MPIUA Policy at any time or must the insured wait until renewal to move to the Participating Insurer?

The Insured can request cancellation of an MPIUA policy at any time. MPIUA developed an automated cancellation procedure to assist in quickly processing the cancellation and returning the premium, in anticipation of the creation of the Clearinghouse.

If Insured wishes to remain with MPIUA, is the Insured obligated to do so if they receive an offer of insurance from a voluntary market insurer?

No. Ultimately the decision to move out of the FAIR Plan into the voluntary market is a decision made by the insured with input from their Producer.