

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 221*
Committee Substitute Favorable 4/11/19
Committee Substitute #2 Favorable 5/6/19
Committee Substitute #3 Favorable 5/6/19
Fifth Edition Engrossed 5/7/19

Short Title: Rate-Making Amendments.-AB

(Public)

Sponsors:

Referred to:

February 28, 2019

A BILL TO BE ENTITLED
AN ACT TO AMEND THE INSURANCE RATE-MAKING LAWS, AS RECOMMENDED
BY THE DEPARTMENT OF INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-36-10(2) reads as rewritten:

"(2) Due consideration shall be given to actual loss and expense experience within this State for the most recent three-year period for which that information is available; to prospective loss and expense experience within this State; to the hazards of conflagration and catastrophe; to a reasonable margin for underwriting profit and to contingencies; to dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers; to investment income earned or realized by insurers from their unearned premium, loss, and loss expense reserve funds generated from business within this State; to investment income from capital and surplus; to past and prospective expenses specially applicable to this State; and to all other relevant factors within this State: Provided, however, that countrywide expense and loss experience and other countrywide data may be considered only where credible North Carolina experience or data is not available."

SECTION 2.(a) G.S. 58-36-43(a) reads as rewritten:

"(a) Member companies writing private passenger automobile or homeowners' insurance under this Article may incorporate optional enhancements to their automobile and homeowners' programs as an endorsement to an automobile or homeowners' policy issued under this Article if the insurer has filed the proposed enhancement with the Commissioner and if the proposed enhancement is approved by the Commissioner. Any approved optional enhancements shall be considered outside the authority of the Rate Bureau. If the proposed enhancement will include an additional premium charge, the proposed premium charge shall be included with the proposed program enhancements filed with the Commissioner. The Commissioner shall review the proposed premium charges and approve them if the Commissioner finds that they are based on sound actuarial principles. Amendments to private passenger automobile or homeowners' program enhancements are subject to the same requirements as initial filings. ~~Neither the acceptance, renewal of a policy, nor any underwriting rating criteria shall be conditioned by a~~



1 ~~company upon the acceptance by the policyholder of any optional automobile or homeowners'~~
2 ~~enhancements.~~

3 A company shall not condition (i) the acceptance or renewal of a policy, (ii) any underwriting
4 criteria, or (iii) any rating criteria upon the acceptance by the policyholder of any optional
5 automobile or homeowners' enhancements authorized by this section. A rate amendment
6 authorized by this section is not a rate deviation and is not subject to the requirements for rate
7 deviations set forth in G.S. 58-36-30(a)."

8 **SECTION 2.(b)** G.S. 58-36-43(b) is repealed.

9 **SECTION 3.** This act is effective when it becomes law.