

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

S

1

SENATE BILL 133*

Short Title: Rate-Making Amendments.-AB (Public)

Sponsors: Senators Johnson, Burgin, and Sawyer (Primary Sponsors).

Referred to: Rules and Operations of the Senate

February 27, 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 company upon the acceptance by the policyholder of any optional automobile or homeowners' enhancements.~~

A company shall not condition (i) the acceptance or renewal of a policy, (ii) any underwriting criteria, or (iii) any rating criteria upon the acceptance by the policyholder of any optional



1 automobile or homeowners' enhancements authorized by this section. A rate amendment
2 authorized by this section is not a rate deviation and is not subject to the requirements for rate
3 deviations set forth in G.S. 58-36-30(a)."

4 **SECTION 2.(b)** G.S. 58-36-43(b) is repealed.

5 **SECTION 3.(a)** G.S. 58-36-65(j) reads as rewritten:

6 "(j) Subclassification plan surcharges shall be applied to a policy for a period of not less
7 nor more than three policy years; provided, however, that for convictions for which four or
8 more points under the Plan are assigned, other than convictions for speeding in excess of the
9 posted speed limit, subclassification plan surcharges for convictions shall be applied to a policy
10 for a period of not less nor more than five policy years."

11 **SECTION 3.(b)** G.S. 58-36-65(k) reads as rewritten:

12 "(k) ~~The~~ For insureds receiving a drivers license for the first time on or before September
13 30, 2019, the subclassification plan may provide for premium surcharges for insureds having less
14 than three years' driving experience as licensed drivers. For insureds receiving a drivers license
15 for the first time on or after October 1, 2019, the subclassification plan may provide for premium
16 surcharges for insureds having less than eight years' driving experience as licensed drivers."

17 **SECTION 3.(c)** G.S. 58-36-65 is amended by adding a new subsection to read:

18 "(k1) Licensed drivers subject to premium surcharges pursuant to subsection (k) of this
19 section for a period of up to eight years may be eligible for an inexperienced safe driver discount
20 after three full years of driving experience. To be eligible for the premium discount, an
21 inexperienced licensed driver cannot have any at-fault accidents or convictions on their driving
22 record, whether or not such at-fault accidents or convictions result in the assignment of points
23 under the Plan. Any at-fault accidents or convictions shall preclude the inexperienced licensed
24 driver from being eligible for the premium discount for a period of five years. Eligibility for the
25 premium discount terminates once the inexperienced driver has been licensed for eight years, or
26 when the inexperienced driver has any at-fault accidents or convictions. For purposes of this
27 section, convictions on a driving record shall include convictions for which a prayer for judgment
28 continued was granted. Any inexperienced safe driver discount shall be filed by the Bureau for
29 approval with the Commissioner."

30 **SECTION 4.** Subsection (a) of Section 3 becomes effective October 1, 2020, and
31 applies to drivers convicted of moving violations on or after that date. Subsection (c) of Section
32 3 becomes effective October 1, 2019. The remainder of this act is effective when it becomes law.