

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 1123

Short Title: Change Name of N.C. Rate Bureau.

(Public)

Sponsors: Representative Allred.

Referred to: Insurance.

April 12, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO CHANGE THE NAME OF THE NORTH CAROLINA RATE BUREAU
3 TO THE INSURANCE INDUSTRY OFFICE IN ORDER TO END THE PUBLIC
4 MISCONCEPTION THAT THE BUREAU IS AN AGENCY OF THE STATE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Except for those sections of the General Statutes amended in
7 this act, the Revisor of Statutes shall substitute the term "Insurance Industry Office" for
8 the terms "North Carolina Rate Bureau" everywhere that term appears in the General
9 Statutes and shall substitute the term "Insurance Industry Office" for the term "Rate
10 Bureau" everywhere that term appears in G.S. 20-279.21, G.S. 95-250, and Chapter 58
11 of the General Statutes. In addition, the Revisor of Statutes shall substitute the term
12 "Office" for the term "Bureau" and the term "Office's" for the term "Bureau's"
13 everywhere those term appears in Chapter 58 of the General Statutes and G.S.
14 20-279.21.

15 **SECTION 2.** G.S. 58-2-190 reads as rewritten:

16 "**§ 58-2-190. Commissioner may require special reports.**

17 The Commissioner may also address to any authorized insurer, rating organization,
18 advisory organization, joint underwriting or joint reinsurance organization, the
19 Insurance Industry Office, or the North Carolina ~~Rate Bureau~~ or Motor Vehicle
20 Reinsurance Facility, or its officers any inquiry in relation to its transactions or
21 condition or any matter connected therewith. Every corporation or person so addressed
22 shall reply in writing to such inquiry promptly and truthfully, and such reply shall be
23 verified, if required by the Commissioner, by such individual, or by such officer or
24 officers of a corporation, as he shall designate."

25 **SECTION 3.** The title of Article 36 of Chapter 58 of the General Statues
26 reads as rewritten:

"Article 36.

~~North Carolina Rate Bureau~~ Insurance Industry Office."

1 **SECTION 4.** G.S. 58-36-1 reads as rewritten:

2 "**§ 58-36-1. ~~North Carolina Rate Bureau Insurance Industry Office~~ created.**

3 There is hereby created a ~~Bureau~~ an Office to be known as the '~~North Carolina Rate~~
4 ~~Bureau~~, Insurance Industry Office' with the following objects and functions:

- 5 (1) To assume the functions formerly performed by the North Carolina
6 Rate Bureau, the North Carolina Fire Insurance Rating Bureau, the
7 North Carolina Automobile Rate Administrative Office, and the
8 Compensation Rating and Inspection Bureau of North Carolina, with
9 regard to the promulgation of rates, for insurance against loss to
10 residential real property with not more than four housing units located
11 in this State and any contents thereof and valuable interest therein and
12 other insurance coverages written in connection with the sale of such
13 property insurance; for theft of and physical damage to private
14 passenger (nonfleet) motor vehicles as the same are defined under
15 Article 40 of this Chapter; for liability insurance for such motor
16 vehicles, automobile medical payments insurance, uninsured motorists
17 coverage and other insurance coverages written in connection with the
18 sale of such liability insurance; and for workers' compensation and
19 employers' liability insurance written in connection therewith except
20 for insurance excluded from the ~~Bureau's Office's~~ jurisdiction in G.S.
21 58-36-1(3).
- 22 (2) The ~~Bureau~~Office shall provide reasonable means to be approved by
23 the Commissioner whereby any person affected by a rate or loss costs
24 made by it may be heard in person or by the person's authorized
25 representative before the governing committee or other proper
26 executive of the ~~Bureau~~Office.
- 27 (3) The ~~Bureau~~Office shall promulgate and propose rates for insurance
28 against loss to residential real property with not more than four
29 housing units located in this State and any contents thereof or valuable
30 interest therein and other insurance coverages written in connection
31 with the sale of such property insurance; for insurance against theft of
32 or physical damage to nonfleet private passenger motor vehicles; for
33 liability insurance for such motor vehicles, automobile medical
34 payments insurance, uninsured and underinsured motorists coverage
35 and other insurance coverages written in connection with the sale of
36 such liability insurance; and, as provided in G.S. 58-36-100, for loss
37 costs and residual market rate filings for workers' compensation and
38 employers' liability insurance written in connection therewith. This
39 subdivision does not apply to motor vehicles operated under
40 certificates of authority from the Utilities Commission, the Interstate
41 Commerce Commission, or their successor agencies, where insurance
42 or other proof of financial responsibility is required by law or by
43 regulations specifically applicable to such certificated vehicles. The
44 ~~Bureau~~Office shall have no jurisdiction over excess workers'

1 compensation insurance for employers qualifying as self-insurers as
2 provided in Article 47 of this Chapter or Article 5 of Chapter 97 of the
3 General Statutes; nor shall the ~~Bureau's~~Office's jurisdiction include
4 farm buildings, farm dwellings and their appurtenant structures, farm
5 personal property or other coverages written in connection with farm
6 real or personal property; travel or camper trailers designed to be
7 pulled by private passenger motor vehicles, unless insured under
8 policies covering nonfleet private passenger motor vehicles;
9 mechanical breakdown insurance covering nonfleet private passenger
10 motor vehicles and other incidental coverages written in connection
11 with this insurance, including emergency road service assistance, trip
12 interruption reimbursement, rental car reimbursement, and tire
13 coverage; residential real and personal property insured in multiple
14 line insurance policies covering business activities as the primary
15 insurable interest; and marine, general liability, burglary and theft,
16 glass, and animal collision insurance, except when such coverages are
17 written as an integral part of a multiple line insurance policy for which
18 there is an indivisible premium.

19 (4) Agreements may be made between or among members with respect to
20 equitable apportionment among them of insurance which may be
21 afforded applicants who are in good faith entitled to but who are
22 unable to procure such insurance through ordinary methods. The
23 members may agree between or among themselves on the use of
24 reasonable rate modifications for such insurance, agreements, and rate
25 modifications to be subject to the approval of the Commissioner.

26 (5) a. It is the duty of every insurer that writes workers' compensation
27 insurance in this State and is a member of the ~~Bureau,~~Office, as
28 defined in this section and G.S. 58-36-5 to insure and accept
29 any workers' compensation insurance risk that has been
30 certified to be 'difficult to place' by any fire and casualty
31 insurance agent who is licensed in this State. When any such
32 risk is called to the attention of the ~~Bureau~~Office by receipt of
33 an application with an estimated or deposit premium payment
34 and it appears that the risk is in good faith entitled to such
35 coverage, the ~~Bureau~~Office will bind coverage for 30 days and
36 will designate a member who must issue a standard workers'
37 compensation policy of insurance that contains the usual and
38 customary provisions found in those policies. Multiple
39 coordinated policies, as defined by the ~~Bureau~~Office and
40 approved by the Commissioner, may be used for the issuance of
41 coverage under this subdivision for risks involved in employee
42 leasing arrangements. Coverage will be bound at 12:01 A.M. on
43 the first day following the postmark time and date on the
44 envelope in which the application is mailed including the

- 1 estimated annual or deposit premium, or the expiration of
2 existing coverage, whichever is later. If there should be no
3 postmark, coverage will be effective 12:01 A.M. on the date of
4 receipt by the BureauOffice unless a later date is requested.
5 Those applications hand delivered to the BureauOffice will be
6 effective as of 12:01 A.M. of the date following receipt by the
7 BureauOffice unless a later date is requested. The BureauOffice
8 will make and adopt such rules as are necessary to carry this
9 section into effect, subject to final approval of the
10 Commissioner. As a prerequisite to the transaction of workers'
11 compensation insurance in this State, every member of the
12 BureauOffice that writes such insurance must file with the
13 BureauOffice written authority permitting the BureauOffice to
14 act in its behalf, as provided in this section, and an agreement to
15 accept risks that are assigned to the member by the
16 Bureau,Office, as provided in this section.
- 17 b. The BureauOffice shall maintain a compendium of employers
18 refused voluntary coverage, which shall be made available by
19 the BureauOffice to all insurers, licensed agents, and
20 self-insureds' administrators doing business in this State. It shall
21 be stored and indexed to allow access to information by
22 industry, primary classifications of employees, geography,
23 experience modification, and in any other manner the
24 BureauOffice determines is commercially useful to facilitate
25 voluntary coverage of listed employers. The BureauOffice shall
26 be immune from civil liability for erroneous information
27 released by the BureauOffice pursuant to this section, provided
28 that the BureauOffice acted in good faith and without malicious
29 or willful intent to harm in releasing the erroneous information.
- 30 c. Failure or refusal by any assigned employer risk to make full
31 disclosure to the Bureau,Office, servicing carrier, or insurer
32 writing a policy of information regarding the employer's true
33 ownership, change of ownership, operations, or payroll, or any
34 other failure to disclose fully any records pertaining to workers'
35 compensation insurance shall be sufficient grounds for the
36 termination of the policy of that employer.
- 37 (6) The BureauOffice shall maintain and furnish to the Commissioner on
38 an annual basis the statistics on earnings derived by member
39 companies from the investment of unearned premium, loss, and loss
40 expense reserves on nonfleet private passenger motor vehicle
41 insurance policies written in this State. Whenever the BureauOffice
42 proposes rates under this Article, it shall prepare a separate exhibit for
43 the experience years in question showing the combined earnings
44 realized from the investment of such reserves on policies written in

1 this State. The amount of earnings may in an equitable manner be
2 included in the ratemaking formula to arrive at a fair and equitable
3 rate. The Commissioner may require further information as to such
4 earnings and may require calculations of the ~~Bureau~~Office bearing on
5 such earnings.

- 6 (7) Member companies shall furnish, upon request of any person carrying
7 nonfleet private passenger motor vehicle insurance in the State upon
8 whose risk a rate has been promulgated, information as to rating,
9 including the method of calculation."

10 **SECTION 5.** G.S. 58-47-110(a) reads as rewritten:

11 "(a) As used in this section:

- 12 (1) ~~'Bureau' means the North Carolina Rate Bureau in Article 36 of this~~
13 ~~Chapter.~~
- 14 (2) 'Expenses' means that portion of a premium rate attributable to
15 acquisition, field supervision, collection expenses, and general
16 expenses, as determined by the group.
- 17 (3) 'Multiplier' means a group's determination of the expenses, other than
18 loss expense and loss adjustment expense, associated with writing
19 workers' compensation and employers' liability insurance, which shall
20 be expressed as a single nonintegral number to be applied equally and
21 uniformly to the prospective loss costs approved by the Commissioner
22 in making rates for each classification of risks utilized by that group.
- 23 (3a) 'Office' means the Insurance Industry Office created in Article 36 of
24 this Chapter.
- 25 (4) 'Prospective loss costs' means that portion of a rate that does not
26 include provisions for expenses (other than loss adjustment expenses)
27 or profit and that is based on historical aggregate losses and loss
28 adjustment expenses adjusted through development to their ultimate
29 value and forecasted through trending to a future point in time.
- 30 (5) 'Supplementary rating information' means any manual or plan of rates,
31 classification, rating schedule, minimum premium, policy fee, rating
32 rule, rate-related underwriting rule, experience rating plan, statistical
33 plan, and any other similar information needed to determine the
34 applicable rate in effect or to be in effect."

35 **SECTION 6.** G.S. 136-18(24) reads as rewritten:

36 "(24) The Department of Transportation is further authorized to pave
37 driveways leading from ~~state-maintained~~State-maintained roads to
38 rural fire district firehouses which are approved by the ~~North Carolina~~
39 ~~Fire Insurance Rating Bureau~~Insurance Industry Office and to
40 facilities of rescue squads furnishing ambulance services which are
41 approved by the North Carolina State Association of Rescue Squads,
42 Inc."

43 **SECTION 7.** This act becomes effective October 1, 2001.