

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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SENATE BILL 716

Short Title: Study Statewide Property Insurance Structure. (Public)

Sponsors: Senators Brown; Goolsby, Preston, and Rabon.

Referred to: Insurance.

April 20, 2011

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE JOINT LEGISLATIVE STUDY COMMISSION ON
PROPERTY INSURANCE RATE MAKING.

The General Assembly of North Carolina enacts:

SECTION 1. There is created the Joint Legislative Study Commission on Property Insurance Rate Making. The purpose of the Commission is to study the adequacy of citizen input in property insurance rate making and the manner in which property insurance rates are proposed, reviewed, approved, and appealed.

SECTION 2. The Commission shall consist of 14 members appointed as follows:

- (1) The Commissioner of Insurance or his or her designee, serving ex officio.
- (2) A representative of the North Carolina Rate Bureau.
- (3) A representative of the North Carolina Insurance Underwriting Association.
- (4) Three members appointed by the Governor, to include one member of the general public who resides in the coastal area or beach areas of the State. For purposes of this subdivision, "coastal area" and "beach area" shall have the definitions specified by G.S. 58-45-5.
- (5) Four members appointed by the Speaker of the House of Representatives, to include three members of the House of Representatives and one member who is a qualified independent casualty actuary.
- (6) Four members appointed by the President Pro Tempore of the Senate, to include three members of the Senate and one person who represents the interests of insurance agents.

Vacancies on the Commission shall be filled by the appointing authority. A quorum of the Commission shall consist of eight members.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each appoint a cochair for the Commission. The Commission may meet at any time upon the joint call of the cochairs.

The Commission, while in the discharge of its official duties, may exercise all the powers provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from the records, or otherwise available to them, and the power to subpoena witnesses.

The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

SECTION 3. Purpose. – The Commission shall study the following:



- 1 (1) The feasibility and advisability of replacing the North Carolina Rate Bureau
2 with a market-based rate-setting system or with a regulatory commission
3 similar to the North Carolina Utilities Commission.
- 4 (2) The adequacy under current law of legislative oversight of the Rate Bureau,
5 the North Carolina Joint Underwriting Association, and the North Carolina
6 Insurance Underwriting Association,
- 7 (3) The adequacy under current law of Commissioner of Insurance duties
8 pertaining to protection of policyholders and the public against the adverse
9 effects of excessive, inadequate, or unfairly discriminatory rates.
- 10 (4) Whether North Carolina citizens and policyholders should be given a voice
11 in rate appeals under G.S. 58-2-80 through creation of a board or office
12 independent of the Commissioner with standing to advocate on behalf of
13 citizens and policyholders.
- 14 (5) The adequacy of the review process afforded by G.S. 58-36-1(2) to persons
15 affected by a rate or loss costs made by the Rate Bureau.
- 16 (6) Whether information provided to the public by the Commissioner and the
17 Rate Bureau is adequate to allow reasoned review by interested citizens of
18 the assumptions, modeling, and processes used in setting rates.
- 19 (7) Study any other matters pertaining to statewide property insurance rates that
20 the Commission deems relevant.

21 **SECTION 4.** Staff. – Upon approval of the Legislative Services Commission, the
22 Legislative Services Officer shall assign professional and clerical staff to assist in the work of
23 the Commission. Clerical staff shall be furnished to the Commission through the offices of the
24 House of Representatives and Senate Supervisors of Clerks.

25 **SECTION 5.** Meeting location. – The Commission may meet in the Legislative
26 Building or Legislative Office Building upon the approval of the Legislative Services
27 Commission.

28 **SECTION 6.** Expenses of members. – Members of the Commission shall receive
29 per diem, subsistence, and travel allowances at the rate established in G.S. 120-3.1.

30 **SECTION 7.** Report. – The Commission shall submit an interim report to the 2012
31 Regular Session of the 2011 General Assembly prior to its reconvening and shall make a final
32 report to the 2013 Regular Session of the General Assembly prior to its convening. The report
33 shall contain the Commission's findings, recommendations, legislative proposals, and cost
34 analyses. The Commission shall terminate upon filing its final report or upon the convening of
35 the 2013 General Assembly, whichever is earlier.

36 **SECTION 8.** Funding. – Of the funds appropriated to the General Assembly for
37 the 2011-2012 fiscal year and for the 2012-2013 fiscal year, the Legislative Services
38 Commission shall allocate funds for the purpose of supporting the study established by this act.

39 **SECTION 9.** This act becomes effective July 1, 2011.