

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

FILED SENATE
May 2, 2024
S.B. 882
PRINCIPAL CLERK

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SENATE BILL DRS15437-NEa-163

Short Title: Insurance Consumer Protection Study. (Public)

Sponsors: Senators Marcus and Meyer (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT DIRECTING THE DEPARTMENT OF INSURANCE TO STUDY THE USE OF
3 CONSENT TO DEVIATIONS BY INSURERS TO CHARGE CONSUMERS IN EXCESS
4 OF THE MAXIMUM RATE THAT IS APPLICABLE IN NORTH CAROLINA AS
5 APPROVED BY THE COMMISSIONER OF INSURANCE AND TO REPORT
6 FINDINGS AND RECOMMENDATIONS TO IMPROVE CONSUMER PROTECTION
7 AND TRANSPARENCY TO LEGISLATIVE OVERSIGHT COMMITTEES.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** The Department of Insurance (DOI) shall study the implementation of
10 deviations from the rates, rating plans, classifications, schedules, rules, and standards (consent to
11 rate (CTR) deviations) as authorized by G.S. 58-36-30. When conducting its study, DOI shall
12 include all of the following in the study and report with respect to the 2023-2024 fiscal year:

- 13 (1) The total number of policies subject to a CTR deviation, collated by both of
14 the following:
15 a. Insurance policy type.
16 b. Whether the policy is a new policy or renewal policy.
17 (2) For each policy identified pursuant to subdivision (1) of this section, both of
18 the following:
19 a. The rate the consumer was charged.
20 b. The percentage by which that rate exceeded the maximum that is
21 applicable in North Carolina as approved by the Commissioner of
22 Insurance for that policy type.
23 (3) The percentage of each licensed North Carolina insurance company's policies
24 that are subject to a CTR deviation, collated by insurance policy type.
25 (4) The criteria each licensed North Carolina insurance company uses to
26 determine which consumers are subjected to a CTR deviation and how they
27 determine the rate for those policies.
28 (5) A summary of the demographics, including geographic location, for insured
29 consumers who were charged a rate in excess of the maximum that is
30 applicable in North Carolina as approved by the Commissioner of Insurance
31 pursuant to a CTR deviation. The report shall not disclose data identifying an
32 individual insured or any other personal information of an individual insured.
33 (6) If the Commissioner of Insurance (Commissioner) determined that a CTR
34 deviation was not in accordance with rules adopted by the Commissioner, an
35 explanation of how the Commissioner reached that determination.



1 (7) Data demonstrating whether CTR deviations result in excessive or
2 discriminatory insurance rates.

3 **SECTION 2.** The Department of Insurance shall conduct a detailed legal and
4 actuarial analysis of the validity of the approved rate cap set by the Commissioner of Insurance
5 (including any rate set by settlement of contested rate filings) on homeowners insurance rates
6 when data regarding CTR deviations are not relied upon or included in determining the rate cap
7 and whether such data should be included in determining the rate cap.

8 **SECTION 3.** No later than July 1, 2025, the Department of Insurance shall report its
9 findings, including any recommendations for legislation that would improve consumer
10 protections and provide greater transparency, to the chairs of the Joint Legislative Oversight
11 Committee on General Government, the House of Representatives Appropriations Committee on
12 General Government, the Senate Appropriations Committee on the General Government, and the
13 Fiscal Research Division.

14 **SECTION 4.** Notwithstanding G.S. 143C-5-2, there is appropriated from the
15 General Fund to the Department of Insurance the sum of fifty thousand dollars (\$50,000) for the
16 2024-2025 fiscal year to conduct the study authorized by this act.

17 **SECTION 5.** This act becomes effective July 1, 2024.