

NORTH CAROLINA GENERAL ASSEMBLY
1981 SESSION

CHAPTER 590
SENATE BILL 556

AN ACT TO PROVIDE FOR COMPENSATION TO INSURANCE AGENTS FOR
ASSISTANCE WITH RECOUPMENT SURCHARGES.

Whereas, the North Carolina General Statutes, in Article 25A of Chapter 58, have established the North Carolina Motor Vehicle Reinsurance Facility and established a plan of operation whereby losses sustained by members may be offset through a process of "recoupment"; and

Whereas, the recoupment process is carried out by imposing surcharges upon individual insureds who respond in many instances by questioning and complaining about such charges; and

Whereas, insured persons traditionally contact the agent from whom the policy was obtained regarding such questions and complaints; and

Whereas, insurance agents traditionally have been compensated for their services to insured persons solely through commissions paid as a percentage of premium charges on policies written and such compensation has been the only source the agents have for covering costs associated with all the services provided to customers; and

Whereas, the Reinsurance Facility has recognized and admitted that agents do have expenses in connection with recoupment surcharges; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-248.34(f) is amended to add:

"The Board of Governors shall adopt and implement a plan for compensation of agents of Facility members when recoupment surcharges are imposed; such compensation shall not exceed the compensation or commission rate normally paid to the agent for the issuance or renewal of the automobile liability policy issued through the North Carolina Reinsurance Facility affected by such surcharge; provided, however, that the surcharge provided for in this section shall include an amount necessary to recover the amount of the assessment to member companies and the compensation paid by each member, pursuant to this section, to agents."

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 16th day of June, 1981.