

NORTH CAROLINA GENERAL ASSEMBLY  
1981 SESSION

CHAPTER 916  
HOUSE BILL 7

AN ACT TO ELIMINATE SURCHARGES ON CLEAN RISKS AND CONTINUE THE CAP  
ON AUTOMOBILE INSURANCE RATES.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 58-124.26 is rewritten to read:

**"§ 58-124.26. Cap on motor vehicle insurance rate increases.** — Notwithstanding any other provisions of law, with respect to nonfleet private passenger motor vehicle liability, physical damage, medical payments, uninsured motorist, and underinsured motorist insurance, the North Carolina Rate Bureau shall not increase the total combined general rate level for such coverages by more than the percentage increase in the Consumer Price Index that occurred during the period beginning with the sixteenth month and ending with the fourth month prior to the filing under G.S. 58-124.20. The provisions of this section shall not apply to rates or rating plans filed by or on behalf of the North Carolina Motor Vehicle Reinsurance Facility. For the purpose of this section, the term 'Consumer Price Index' means the Consumer Price Index for All Urban Consumers (all items-United States city average), as published by the Bureau of Labor Statistics of the United States Department of Labor or any successor agency: Provided that the provisions of this section shall expire on July 1, 1983."

**Sec. 2.** G.S. 58-248.34(e) is amended by striking from line 13 the following:  
"either through surcharging persons reinsured by the Facility or".

**Sec. 3.** G.S. 58-248.34(f) is rewritten to read:

"(f) The Plan of Operation shall provide that every member shall, following payment of any pro rata assessment, commence recoupment of that assessment by way of an identifiable surcharge on motor vehicle insurance policies issued by the member or through the Facility until the assessment has been recouped. Such surcharge shall be a percentage of premium adopted by the Board of Governors of the Facility. Provided, however, that recoupment of losses sustained by the Facility since September 1, 1977, with respect to nonfleet private passenger motor vehicles may be recouped only by surcharging policies (i) that are subject to the classification plan promulgated pursuant to G.S. 58-30.4 and (ii) to which one or more driving record points have been assigned pursuant to said plan. If the amount collected during the period of surcharge exceeds assessments paid by the member to the Facility, the member shall pay over the excess to the Facility on a date specified by the Board of Governors. If the amount collected during the period of surcharge is less than the assessments paid by the member to the Facility, the Facility shall pay the difference to the member. Except as hereinafter provided, the amount of recoupment shall not be considered or treated as a rate or premium for any purpose. 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. 3.(a)** G.S. 58-30.4 is amended in line 17 by adding before the word, "The" the following:

"The subclassification plan shall provide that in policies insuring more than one motor vehicle and insured, driving record points for chargeable accidents and moving traffic violations shall be apportioned among and assigned to the motor vehicles so insured."

**Sec. 4.** The provisions of this act shall apply only to policies that are issued or renewed on or after the respective effective dates of this act.

**Sec. 5.** Sections 1 and 4 and this section are effective on ratification. Sections 2, 3, and 3(a) shall become effective on October 1, 1981.

In the General Assembly read three times and ratified, this the 10th day of July, 1981.