

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1086\*  
Committee Substitute Favorable 5/17/96

Short Title: Loss Costs Cleanup.

(Public)

Sponsors:

Referred to:

May 14, 1996

A BILL TO BE ENTITLED  
AN ACT TO MAKE TECHNICAL CORRECTIONS IN THE 1995 WORKERS'  
COMPENSATION INSURANCE LOSS COSTS RATING LAWS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-36-100(m) reads as rewritten:

"(m) The Bureau shall file all of the following with the Commissioner:

- (1) Final workers' compensation rates and rating plans for the residual market.
- (2) The uniform classification plan and rules.
- (3) The uniform experience rating plan and rules.
- (4) A uniform policy form to be used by member insurers for voluntary and residual market business.
- (5) Advisory manual workers' compensation rates to be used for the ~~sole purpose~~ purposes of calculating deviations under G.S. 58-2-145(c) and this Article and of computing the premium tax liability of self-insurers under G.S. 105-228.5."

Sec. 2. G.S. 58-2-145(c) reads as rewritten:

"(c) Each self-insured employer group must determine its individual member employers' premiums or contributions using the current rates and classifications filed by

1 the North Carolina Rate Bureau ~~and approved by~~ with the Commissioner under ~~Article 36~~  
2 ~~of this Chapter. G.S. 58-36-100(m)(5).~~ Deviations from these rates or classifications are  
3 permitted only in accordance with Article 36 of this Chapter, except that no deviation is  
4 required to be filed with the Rate Bureau.

5 The Commissioner shall approve a request filed for a deviation to reduce premiums or  
6 contributions or provide discounts if the filed request is accompanied by competent,  
7 independent financial and actuarial information. Despite the provisions of G.S. 58-36-  
8 30(c), a deviation shall not be required to apply uniformly to all classifications. The  
9 Commissioner may deny a filed request for a deviation only if he finds, after notice and a  
10 public hearing, that the deviation would result in a hazardous financial condition to the  
11 group, based on financial, actuarial or other information. The public hearing shall be  
12 held within 45 days after the requested deviation is filed in its entirety, and the  
13 Commissioner shall give at least 14 days' notice of the hearing to the person filing the  
14 request and to other persons designated by the Commissioner. The Commissioner shall  
15 make a determination as expeditiously as reasonably practicable after the conclusion of  
16 the hearing, provided that the request shall be deemed approved unless denied within 60  
17 days after it was filed in its entirety.

18 'Hazardous financial condition', for purposes of this subsection, means that, based on  
19 its present or reasonably anticipated financial condition, a group, although not yet  
20 financially impaired or insolvent, is unlikely to be able:

- 21 (1) To meet obligations with respect to known claims and reasonably  
22 anticipated claims; or  
23 (2) To pay other obligations in the normal course of business."

24 Sec. 3. This act is effective upon ratification.