

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1999**

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**HOUSE BILL 1835**

Short Title: Insurance Availability Study.

(Public)

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Sponsors: Representatives Redwine, Smith; Hill, McComas, Miller, and Wainwright.

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Referred to: Rules, Calendar, and Operations of the House.

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May 30, 2000

**A BILL TO BE ENTITLED**

**AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO  
STUDY INSURANCE AVAILABILITY IN THE BEACH AND COASTAL AREAS  
OF THE STATE AND TO APPROPRIATE FUNDS FOR THAT PURPOSE.**

The General Assembly of North Carolina enacts:

Section 1. The Legislative Research Commission may study the provisions of Articles 45 and 46 of Chapter 58 of the General Statutes, other relevant portions of the North Carolina General Statutes, and the plans and operations of the North Carolina Insurance Underwriting Association ("Beach Plan") and the North Carolina Joint Underwriting Association ("FAIR Plan"). If the Commission undertakes the study, it may consider all issues related to the availability of homeowners insurance coverage, including wind coverage, in the beach and coastal areas of the State. The Commission may study the problems associated with the lack of availability of homeowners coverage in the beach and coastal areas, including:

- (1) The unwillingness of insurance carriers to write their proportionate share of coverage in those areas of the State.
- (2) The inadequacy and inefficiency of the operations of the FAIR and Beach Plans.
- (3) The restrictiveness of the coverage provided by the FAIR and Beach Plans.

- 1           The Commission may also consider:
- 2           (1) All possible options to encourage insurance carriers to write more
- 3           homeowners insurance policies in the beach and coastal areas.
- 4           (2) Whether the Beach Plan and possibly the FAIR Plan should be
- 5           administered through a reinsurance facility concept such as the North
- 6           Carolina Motor Vehicle Reinsurance Facility.
- 7           (3) Whether the temporary rate cap on wind-only policies written in the
- 8           coastal area should be removed.
- 9           (4) The option of directing members of the FAIR and Beach Plans to
- 10          provide homeowners coverage where otherwise eligible except for
- 11          geographic location with the option to cede the entire exposure or
- 12          portions thereof to the Plans.
- 13          (5) The benefits of allowing annual credit to insurance carriers based on
- 14          insurance exposure written as opposed to insurance premium written, as
- 15          specified in G.S. 58-45-25.
- 16          (6) Possible revisions of the participation formula of the Beach Plan.

17 The Commission may report its findings and recommendations, along with legislation, to

18 the 2001 General Assembly.

19           Section 2. There is appropriated from the General Fund to the General

20 Assembly the sum of fifteen thousand dollars (\$15,000) for the 2000-2001 fiscal year to

21 implement the study authorized in Section 1 of this act.

22           Section 3. This act becomes effective July 1, 2000.