

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**SENATE BILL 1084**

Short Title: Workers' Comp. Loss Modifications and Study. (Public)

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Sponsors: Senators Berger and Foxx.

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Referred to: Rules and Operations of the Senate.

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April 5, 2001

A BILL TO BE ENTITLED

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2 AN ACT TO REQUIRE THE NORTH CAROLINA RATE BUREAU TO REVISE  
3 AND REFILE A CLASSIFICATION PLAN FOR LOSS MODIFICATIONS IN  
4 WORKERS' COMPENSATION INSURANCE AND TO AUTHORIZE THE  
5 LEGISLATIVE RESEARCH COMMISSION TO STUDY WORKERS'  
6 COMPENSATION INSURANCE CLASSIFICATIONS, INCLUDING THE  
7 DEVELOPMENT AND IMPLEMENTATION OF LOSS MODIFICATIONS.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 58-36-10(4) reads as rewritten:

10 "(4) Risks may be grouped by classifications and lines of insurance for  
11 establishment of rates, loss costs, and base premiums. Classification  
12 rates may be modified to produce rates for individual risks in  
13 accordance with rating plans that establish standards for measuring  
14 variations in hazards or expense provisions or both. Those standards  
15 may measure any differences among risks that can be demonstrated to  
16 have a probable effect upon losses or expenses. With respect to loss  
17 modifications for workers' compensation insurance premium rates, the  
18 Bureau shall file, subject to review, modification, and promulgation by  
19 the Commissioner, a classification plan that the Commissioner  
20 determines is desirable and equitable to classify employers for  
21 insurance purposes. Subsequently, the Commissioner may require the  
22 Bureau to file changes in the classification plan. The Bureau shall  
23 establish and implement a comprehensive classification rating plan for  
24 motor vehicle insurance under its jurisdiction. No such classification  
25 plans shall base any standard or rating plan for ~~nonfleet~~ private  
26 passenger (~~nonfleet~~) motor vehicles, in whole or in part, directly or  
27 indirectly, upon the age or gender of the persons insured. The Bureau  
28 shall at least once every three years make a complete review of the

1 filed classification rates to determine whether they are proper and  
2 supported by statistical evidence, and shall at least once every 10 years  
3 make a complete review of the territories for nonfleet private  
4 passenger motor vehicle insurance to determine whether they are  
5 proper and reasonable."

6 **SECTION 2.** The North Carolina Rate Bureau shall file, in accordance with  
7 G.S. 58-36-15, a revised classification plan to reflect the provisions of this act. The  
8 Bureau shall make the filing no later than October 1, 2001, and the plan shall become  
9 effective six months after the date the plan is approved by the Commissioner of  
10 Insurance. The revised plan shall apply only to new and renewal workers' compensation  
11 insurance policies written on and after the effective date of the plan.

12 **SECTION 3.** Any adjustments in rates for workers' compensation insurance  
13 that are necessary to offset any change in premium level due to the implementation of  
14 this act shall be made through adjustments in the base rates for the affected coverages.  
15 Those adjustments shall be filed by the Bureau with the Commissioner of Insurance in  
16 accordance with Article 36 of Chapter 58 of the General Statutes.

17 **SECTION 4.** The Legislative Research Commission may study workers'  
18 compensation insurance classifications, including the development and implementation  
19 of loss modifications. The Commission may report its findings and recommendations,  
20 including any recommended legislation, to the 2002 Regular Session of the 2001  
21 General Assembly.

22 **SECTION 5.** This act is effective when it becomes law and applies to  
23 workers' compensation insurance contracts entered into or renewed on or after that date.