

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 769

Short Title: Beach Plan Homeowners Policy Rate Setting.

(Public)

Sponsors: Senator Thomas.

Referred to: Commerce.

April 3, 2003

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH RATE SETTING AND RATE-APPROVAL METHODS FOR THE BEACH PLAN HOMEOWNERS POLICY AND TO PROVIDE INCENTIVES TO BEACH AND COASTAL AREA HOMEOWNERS WHO ESTABLISH AND MAINTAIN RISK PREVENTION AND RISK MITIGATION MEASURES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-45-30(d) reads as rewritten:

"(d) As used in this subsection, "homeowners' insurance policy" means a multiperil policy providing full coverage of residential property similar to the coverage provided under an HO-2, HO-3, HO-4, or HO-6 policy under Article 36 of this Chapter. The Association shall issue, for principal residences, homeowners' insurance policies approved by the Commissioner. Homeowners'—Subject to underwriting guidelines established by the Association and approved by the Commissioner, homeowners' insurance policies shall be available to persons who reside in the beach and coastal areas and who are unable to obtain homeowners' insurance policies from insurers that are authorized to transact and are actually writing homeowners' insurance policies in this State. The terms and conditions of the homeowners' insurance policies available under this subsection shall not be more favorable than those of homeowners' insurance policies available in the voluntary market in beach and coastal counties. Rates for the homeowners' insurance policies authorized by this subsection shall be set pursuant to rate standards set forth in G.S. 58-40-20(a), and the provisions of G.S. 58-45-45(a) shall not apply."

SECTION 2. G.S. 58-45-35 is amended by adding a new subsection to read:

"(b1) If the Association determines that the property, for which application for a homeowners' policy is made, is insurable, that there is no unpaid premium due from the applicant for prior insurance on the property, and that the underwriting guidelines established by the Association and approved by the Commissioner are met, the

1 Association, upon receipt of the premium, or part of the premium, as is prescribed in the
2 plan of operation, shall cause to be issued a homeowners' insurance policy."

3 **SECTION 3.** G.S. 58-45-45 reads as rewritten:

4 "**§ 58-45-45. Rates, rating plans, rating rules, and forms applicable.**

5 (a) Except as provided in subsection (b) of this section, the rates, rating plans,
6 rating rules, and forms applicable to the insurance written by the Association shall be in
7 accordance with the most recent manual rates or adjusted loss costs and forms that are
8 legally in effect in the State. ~~No~~ Except as provided in subsection (c) of this section, no
9 special surcharge, other than those presently in effect, may be applied to the property
10 insurance rates of properties located in the beach area and coastal areas.

11 (b) The rates, rating plans, and rating rules for the separate policies of windstorm
12 and hail insurance described in G.S. 58-45-35(b) shall be filed by the Association with
13 the Commissioner for the Commissioner's approval, disapproval, or modification. The
14 provisions of Articles 40 and 41 of this Chapter shall govern the filings. Policy
15 deductible plans, consistent with G.S. 58-45-1(b), may be filed by the Association with
16 the Commissioner for the Commissioner's approval, disapproval, or modification.

17 (c) Subject to the filing with and prior approval of the Commissioner of a special
18 surcharge schedule proposed in accordance with guidelines within the plan of operation,
19 the Association may impose special surcharges applicable only to homeowners' policies
20 issued by the Association pursuant to G.S. 58-45-30(d)."

21 **SECTION 4.** This act is effective when it becomes law.