

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 769
Commerce Committee Substitute Adopted 4/24/03

Short Title: Beach Plan Homeowners Policy Rate Setting.

(Public)

Sponsors:

Referred to:

April 3, 2003

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH RATE SETTING AND RATE-APPROVAL METHODS FOR THE BEACH PLAN HOMEOWNERS POLICY, TO PROVIDE INCENTIVES TO BEACH AND COASTAL AREA HOMEOWNERS WHO ESTABLISH AND MAINTAIN RISK PREVENTION AND RISK MITIGATION MEASURES, AND TO EXTEND THE DEADLINE FOR ISSUANCE OF THE HOMEOWNERS POLICY PRODUCT BY THE BEACH PLAN.

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' insurance policies shall be available to persons who reside in the beach and coastal areas who meet the Association's underwriting standards 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 Association shall file for approval by the Commissioner underwriting standards to determine whether property is insurable. The standards shall reflect underwriting standards commonly used in the voluntary homeowners' insurance business. 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

1 applicant for prior insurance on the property, and that the underwriting guidelines
2 established by the Association and approved by the Commissioner are met, the
3 Association, upon receipt of the premium, or part of the premium, as is prescribed in the
4 plan of operation, shall cause to be issued a homeowners' insurance policy."

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

6 "**§ 58-45-45. Rates, rating plans, rating rules, and forms applicable.**

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

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

19 (c) Notwithstanding subsection (a) of this section, the Association may, subject
20 to the prior approval of the Commissioner, adopt a schedule of special surcharges
21 relating to homeowners' insurance policies issued by the Association pursuant to G.S.
22 58-45-30(d). Such schedule may reflect any differences in risk that can be demonstrated
23 to have a probable effect on losses or expenses. Notwithstanding subsections (a) and (b)
24 of this section, the provisions of G.S. 58-36-10(1), 36-15(a), 58-36-20, and 58-36-25
25 shall apply to such filings."

26 **SECTION 3.1.** Section 9 of S.L. 2002-185 reads as rewritten:

27 "**Section 9.** Part II of this act becomes effective ~~May 1, 2003.~~ July 1, 2003. Part IV
28 of this act becomes effective January 1, 2003. The remainder of this act is effective
29 when it becomes law."

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