

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 1225

Short Title: Inform Insurance Consumers About Surcharge. (Public)

Sponsors: Representatives Holliman; Faison, Insko, and Wainwright.

Referred to: Insurance.

April 14, 2005

A BILL TO BE ENTITLED

1 AN ACT TO INFORM INSURANCE CONSUMERS ABOUT APPLICABLE
2 SURCHARGES.
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4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 58-37-40(f) reads as rewritten:

6 "(f) The plan of operation shall provide that every member shall, following
7 payment of any pro rata assessment, begin recoupment of that assessment by way of a
8 surcharge on motor vehicle insurance policies issued by the member or through the
9 Facility until the assessment has been recouped. Any surcharge under this subsection or
10 under subsection (e) of this section shall be a percentage of premium adopted by the
11 Board of Governors of the Facility; and the charges determined on the basis of the
12 surcharge shall be either (i) combined with and displayed as a part of the applicable
13 premium charges—charges or (ii) displayed as a separately identifiable charge.
14 Recoupment of losses sustained by the Facility since September 1, 1977, with respect to
15 nonfleet private passenger motor vehicles may be made only by surcharging nonfleet
16 private passenger motor vehicle insurance policies. If the amount collected during the
17 period of surcharge exceeds assessments paid by the member to the Facility, the
18 member shall pay over the excess to the Facility on a date specified by the Board of
19 Governors. If the amount collected during the period of surcharge is less than the
20 assessments paid by the member to the Facility, the Facility shall pay the difference to
21 the member. Except as otherwise provided in this Article, the amount of recoupment
22 shall not be considered or treated as a rate or premium for any purpose. The Board of
23 Governors shall adopt and implement a plan for compensation of agents of Facility
24 members when recoupment surcharges are imposed; that compensation shall not exceed
25 the compensation or commission rate normally paid to the agent for the issuance or
26 renewal of the automobile liability policy issued through the North Carolina
27 Reinsurance Facility affected by the surcharge. However, the surcharge shall include an
28 amount necessary to recover the amount of the assessment to member companies and
29 the compensation paid by each member, under this section, to agents."

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SECTION 2. This act becomes effective October 1, 2005.