

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1144*

Short Title: Revise Beach Plan Participation Formula.

(Public)

Sponsors: Senators Soles, Conder; and Perdue.

Referred to: Pensions and Retirement/Insurance/State Personnel.

May 15, 1996

A BILL TO BE ENTITLED

AN ACT TO REVISE THE PARTICIPATION FORMULA OF THE NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON INSURANCE AND INSURANCE-RELATED ISSUES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-45-25 reads as rewritten:

"§ 58-45-25. Each member of Association to participate in its writings, expenses, profits and losses in proportion to net direct premium of such member. profits, and losses.

All members of the Association shall participate in its writings, expenses, profits and losses in the proportion that the net direct premium of such member written in this State during the preceding calendar year bears to the aggregate net direct premiums written in this State by all members of the Association, as certified to the Association by the Commissioner after review of annual statements, other reports and any other statistics the Commissioner shall deem necessary to provide the information herein required and which the Commissioner is hereby authorized and empowered to obtain from any member of the Association, provided, however, that a member shall annually receive credit for essential property insurance voluntarily written in the beach area and its participation in the writings in the Association shall be reduced accordingly. Each

1 ~~member's participation in the Association shall be determined annually in the same~~
2 ~~manner as the initial determination. All members of the Association shall participate in~~
3 ~~its expenses, profits, and losses and shall receive credit annually for essential property~~
4 ~~insurance voluntarily written as determined by the directors of the Association, with the~~
5 ~~approval of the Commissioner. Participation of each member in the losses of the~~
6 ~~Association shall be reduced accordingly. Any insurer authorized to write and engage in~~
7 ~~writing any insurance, the writing of which requires such the insurer to be a member of~~
8 ~~the Association, pursuant to the provisions of G.S. 58-45-10, who is authorized and~~
9 ~~engaged in writing such insurance after April 17, 1969, shall become a member of the~~
10 ~~Association on the January 1 immediately following such authorization and the~~
11 ~~determination of such the insurer's participation in the Association shall be made as of the~~
12 ~~date of such membership in the same manner as for all other members of the~~
13 ~~Association."~~

14 Sec. 2. G.S. 58-45-5(6) is repealed.

15 Sec. 3. The directors of the North Carolina Insurance Underwriting
16 Association (Beach Plan), in consultation with the Department of Insurance, shall
17 develop a plan to revise the participation formula of the Plan in a manner that encourages
18 insurance companies to write voluntary policies in the beach area or other areas of the
19 State and to write themselves out of the losses of the Plan, to apply to the 1996-97 fiscal
20 year. In connection with the development of the plan, the Department and Association
21 shall determine the reasons insurance companies are not writing voluntary coverage on
22 properties in the beach area of the State, considering, among other factors, that the
23 companies may cede wind risks to the Association. The directors shall report to the
24 Legislative Research Commission's Study Committee on Insurance and Insurance-
25 Related Issues on their findings and the revised formula on or before October 15, 1996.

26 Sec. 4. Sections 1 and 2 of this act become effective October 1, 1996, and
27 apply to policies issued or renewed on or after that date. The remainder of this act is
28 effective upon ratification.