

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE DRS85145-LT-81 (3/26)

Short Title: Beach Plan Homeowners Policy Rate Setting. (Public)

Sponsors: Senator Thomas.

Referred to:

A BILL TO BE ENTITLED

1
2 AN ACT TO ESTABLISH RATE SETTING AND RATE-APPROVAL METHODS
3 FOR THE BEACH PLAN HOMEOWNERS POLICY AND TO PROVIDE
4 INCENTIVES TO BEACH AND COASTAL AREA HOMEOWNERS WHO
5 ESTABLISH AND MAINTAIN RISK PREVENTION AND RISK MITIGATION
6 MEASURES.

7 The General Assembly of North Carolina enacts:

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

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

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

25 "(b1) If the Association determines that the property, for which application for a
26 homeowners' policy is made, is insurable, that there is no unpaid premium due from the
27 applicant for prior insurance on the property, and that the underwriting guidelines

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

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

5 "**§ 58-45-45. Rates, rating plans, rating rules, and forms applicable.**

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

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

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

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