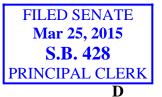
## GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2015



## SENATE DRS35158-MH-109 (03/12)

Short Title:	Surcharge Transparency.	(Public)
Sponsors:	Senator Brock (Primary Sponsor).	
Referred to:		

1	A BILL TO BE ENTITLED
2	AN ACT TO PROVIDE THAT NORTH CAROLINA AUTO INSURANCE SURCHARGES
3	IMPOSED TO SUBSIDIZE THE LOSSES OF THE NORTH CAROLINA MOTOR
4	VEHICLE REINSURANCE FACILITY BE CLEARLY COMMUNICATED TO
5	POLICYHOLDERS.
6	The General Assembly of North Carolina enacts:
7	<b>SECTION 1.</b> G.S. 58-37-40(f) reads as rewritten:
8	"(f) The plan of operation shall provide that every member shall, following payment of
9	any pro rata assessment, begin recoupment of that assessment by way of a surcharge on motor
10	vehicle insurance policies issued by the member or through the Facility until the assessment has
11	been recouped. Any surcharge under this subsection or under subsection (e) of this section shall
12	be a percentage of premium adopted by the Board of Governors of the Facility; and the charges
13	determined on the basis of the surcharge shall be combined with and displayed as a part of the
14	applicable premium charges. itemized and displayed to the policyholder in substantially the
15	same manner as the applicable premium charge is displayed in communications with the
16	policyholder. Recoupment of losses sustained by the Facility since September 1, 1977, with
17	respect to nonfleet private passenger motor vehicles may be made only by surcharging nonfleet
18	private passenger motor vehicle insurance policies. If the amount collected during the period of
19	surcharge exceeds assessments paid by the member to the Facility, the member shall pay over
20	the excess to the Facility on a date specified by the Board of Governors. If the amount collected
21	during the period of surcharge is less than the assessments paid by the member to the Facility,
22	the Facility shall pay the difference to the member. Except as otherwise provided in this
23	Article, the amount of recoupment shall not be considered or treated as a rate or premium for
24	any purpose. The Board of Governors shall adopt and implement a plan for compensation of
25	agents of Facility members when recoupment surcharges are imposed; that compensation shall
26	not exceed the compensation or commission rate normally paid to the agent for the issuance or
27	renewal of the automobile liability policy issued through the North Carolina Reinsurance
28	Facility affected by the surcharge. However, the surcharge shall include an amount necessary to
29	recover the amount of the assessment to member companies and the compensation paid by each
30	member, under this section, to agents."
31	<b>SECTION 2.</b> This act is effective when it becomes law, and applies to motor

31 **SECTION 2.** This act is effective when it becomes law, and applies to motor 32 vehicle insurance policies issued or renewed on or after January 1, 2017.



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