

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B. 496
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HOUSE PRINCIPAL CLERK

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HOUSE DRH20175-MH-149 (03/12)

Short Title: Surcharge Transparency.

(Public)

Sponsors: Representative Collins.

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 **SECTION 1.** 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 **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.

