



**This Bill Analysis
reflects the contents
of the bill as it was
presented in
committee.**

SENATE BILL 668: Auto Insurance/Allow Optional Enhancements

2015-2016 General Assembly

Committee:	Senate Insurance	Date:	April 22, 2015
Introduced by:	Sen. Apodaca	Prepared by:	Tim Hovis
Analysis of:	First Edition		Committee Counsel

SUMMARY: Senate Bill 668 would allow automobile and homeowners' insurers to file individually with the Commissioner for approval optional enhancements to their policies. The enhancements could then be offered as an endorsement to the policy. Any additional premium resulting from the enhancement must be included with the proposed enhancement filed with the Commissioner.

Optional enhancements would be outside the jurisdiction of the Rate Bureau.

CURRENT LAW: Article 36 of Chapter 58 requires the N.C. Rate Bureau to file jointly with the Commissioner for approval the rates, rating plans, and policy forms for nonfleet private passenger motor vehicle and homeowners' insurers. Optional endorsements filed by individual companies are not authorized under current law.

BILL ANALYSIS: Senate Bill 668 would create a new section allowing automobile and homeowners' insurers to file individually with the Commissioner for approval optional enhancements to their policies. These enhancements could then be offered as an endorsement to the policy. Any additional premium resulting from the enhancement must be included with the proposed enhancement filed with the Commissioner and must be reviewed by the Commissioner to ensure that the additional premium is based on sound actuarial principles. The acceptance or renewal of a policy may not be conditioned upon the acceptance by a policyholder of an optional enhancement.

The bill specifically provides that any rate amendment based on the enhancement is not a rate deviation under current law. Under current law, G.S. 58-36-30(a), proposed rate deviations must be filed with the Commissioner and the Rate Bureau and approved by the Commissioner.

Under the bill, optional enhancements would be outside the jurisdiction of the Rate Bureau.

EFFECTIVE DATE: Senate Bill 668 would become effective July 1, 2015.

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Director



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