



SENATE BILL 99: Report Certain CTR Data/Auto Ins. Accuracy.

2017-2018 General Assembly

Committee:	House Insurance	Date:	June 20, 2017
Introduced by:	Sens. Lee, Meredith, Ford	Prepared by:	Kristen L. Harris Committee Co-Counsel
Analysis of:	PCS to Third Edition S99-CSTU-25		

OVERVIEW: *Senate Bill 99 would 1) allow public access to aggregated consent to rate data related to homeowners insurance premiums, 2) require records of convictions for moving traffic violations to be obtained prior to the sale of a new policy of automobile insurance, and 3) provide two additional ways to show proof of North Carolina residency and eligible risk status under North Carolina's rate evasion fraud statute.*

CURRENT LAW:

CONSENT TO RATE

When an insurer obtains a signed consent to rate form from an insured, the insurer is required to retain the signed form and other policy information and make the information available to the Commissioner of Insurance, upon the Commissioner's request. Any information obtained by the Commissioner is proprietary and confidential and is not a public record.

INSURANCE UNDERWRITING

An insurer is prohibited from basing an automobile insurance rating plan on a person's age, sex, or race. However, an insurer is allowed to consider where a person lives, his or her driving record, the type of automobile, and vehicle use when determining an applicant's level of risk.

RATE EVASION FRAUD STATUTE

A person can show proof of North Carolina residency or eligible risk status in two or more of the following ways: 1) a utility bill in the applicant's name showing the address of the applicant's principal place of business, 2) a receipt for North Carolina property taxes paid by the applicant within the last 12 months and showing the applicant's current address, 3) a valid North Carolina vehicle registration showing the applicant's North Carolina address, and 4) a federal Income Tax Return filed by the applicant showing the applicant's name and North Carolina address.

BILL ANALYSIS:

Section 1 would require the Commissioner of Insurance to collect and publish annually on the Department's website, homeowners insurance consent to rate data aggregated across all insurers for each geographical ratemaking territory. The data would show the percentage of policies for which consent to rate has been used and the average difference between the approved premium and the consented premium. Information identifying individual insurers or insureds would remain confidential and proprietary and not a public record.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

Senate PCS 99

Page 2

Section 2 would require insurers to obtain a potential policyholder's records of convictions for moving traffic violations prior to the sale of a new policy of automobile insurance in accordance with rules established by the North Carolina Rate Bureau.

Section 3 would allow an individual to prove their North Carolina residency or eligible risk status under the rate evasion fraud statute by providing the declaration page from his or her North Carolina commercial automobile policy dated no later than one year prior thereto or the driver's license of a corporate officer or member of the LLC of the applicant.

EFFECTIVE DATE: This act is effective when it becomes law, and the Department of Insurance shall publish the information required by Section 1 of this act by October 1, 2017.

BACKGROUND: The Legislative Research Commission's Committee of Regulatory and Rate Issues in Insurance submitted a report to the members of the 2017 Regular Session of the 2017 General Assembly. The report included findings on the practice of consent to rate. A copy of the Committee's report can be found in the Legislative Library.