

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 313

Short Title: "Clean Risk" Redefined.

(Public)

Sponsors: Representative Holt.

Referred to: Commerce.

February 21, 1989

A BILL TO BE ENTITLED

AN ACT TO AMEND THE REINSURANCE FACILITY LAW BY REDEFINING A
"CLEAN RISK".

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-248(l) reads as rewritten:

"(l) The classifications, rules, rates, rating plans and policy forms used on motor vehicle insurance policies reinsured by the Facility may be made by the Facility or by any licensed or statutory rating organization or bureau on its behalf and shall be filed with the Commissioner. The Board of Governors shall establish a separate subclassification within the Facility for 'clean risks' as herein defined. For the purpose of this Article, a 'clean risk' shall be any owner of a ~~motor vehicle classified as a private passenger non-fleet~~ nonfleet private passenger motor vehicle as defined ~~under Article 13C of this Chapter in G.S. 58-131.35A,~~ if the ~~owner and the~~ owner, principal operator, and each licensed operator in the owner's household have two years' driving experience ~~and if neither the owner nor any member of his household nor the principal operator had had any chargeable accident or any conviction for a moving traffic violation pursuant to the subclassification plan established by the provisions of G.S. 58-124.31,~~ as licensed drivers and if none of the persons has been assigned any Safe Driver Incentive Plan points under Article 12B of this Chapter during the three-year period immediately preceding either the (i) date of application for motor vehicle insurance or (ii) the date of preparation for of a renewal of a motor vehicle insurance policy. Such filings may incorporate by reference any other material on file with the Commissioner. Rates shall be neither excessive, inadequate nor unfairly discriminatory. If the Commissioner finds, after a hearing, that a rate is either excessive, inadequate or unfairly discriminatory, he

1 shall issue an order specifying in what respect it is deficient and stating when, within a
2 reasonable period thereafter, such rate shall be deemed no longer effective. Said order
3 is subject to judicial review as set out in Article 2 of this Chapter. Pending judicial
4 review of said order, the filed classification plan and the filed rates may be used,
5 charged and collected in the same manner as set out in G.S. 58-131.42 of this Chapter.
6 Said order shall not affect any contract or policy made or issued prior to the expiration
7 of the period set forth in the order. All rates shall be on an actuarially sound basis and
8 shall be calculated, insofar as is possible, to produce neither a profit nor a loss.
9 However, the rates made by or on behalf of the Facility with respect to 'clean risks', as
10 defined above, shall not exceed the rates charged 'clean risks' who are not reinsured in
11 the Facility. The difference between the actual rate charged and the actuarially sound
12 and self-supporting rates for 'clean risks' reinsured in the Facility may be recouped in
13 similar manner as assessments pursuant to G.S. 58-248.34(f) or allocated pursuant to
14 G.S. 58-248.41. Rates shall not include any factor for underwriting profit on Facility
15 business, but shall provide an allowance for contingencies. There shall be a strong
16 presumption that the rates and premiums for the business of the Facility are neither
17 unreasonable nor excessive."

18 Sec. 2. This act is effective upon ratification.