

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE DRH20042-LN-79A (2/9)

Short Title: Insurance/Commissioner Rate-Making Factors. (Public)

Sponsors: Representative Faison.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE COMMISSIONER OF INSURANCE TO CLARIFY  
RATE-MAKING FACTORS TO BE CONSIDERED UNDER ARTICLE 65 OF  
CHAPTER 58 OF THE GENERAL STATUTES.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 58-65-40 reads as rewritten:

**"§ 58-65-40. Supervision of Commissioner of Insurance; form of contract with subscribers; schedule of rates.**

No hospital service corporation shall enter into any contract with subscribers unless and until it shall have filed with the Commissioner of Insurance a specimen copy of the contract or certificate and of all applications, riders, and endorsements for use in connection with the issuance or renewal thereof to be formally approved by him as conforming to the section of this Article entitled "Subscribers' contracts," and conforms to all rules and regulations promulgated by the Commissioner of Insurance under the provisions of this Article and Article 66 of this Chapter. The Commissioner of Insurance shall, within a reasonable time after the filing of any such form, notify the corporation filing the same either of his approval or of his disapproval of such form.

No corporation subject to the provisions of this Article and Article 66 of this Chapter shall enter into any contract with a subscriber after the enactment hereof unless and until it shall have filed with the Commissioner of Insurance a full schedule of rates to be paid by the subscribers to such contracts and shall have obtained the Commissioner's approval thereof. The Commissioner may refuse approval if he finds that such rates are excessive, inadequate, or unfairly discriminatory; or do not exhibit a reasonable relationship to the benefits provided by such contracts. In determining whether or not such rates for a corporation are excessive, inadequate, or unfairly discriminatory, the Commissioner shall consider current and projected surplus levels, underwriting margins, expenses, investment income, and such other supporting data as the

1 Commissioner deems appropriate. At all times such rates and form of subscribers'  
2 contracts shall be subject to modification and approval of the Commissioner of  
3 Insurance under rules and regulations adopted by the Commissioner, in conformity to  
4 this Article and Article 66 of this Chapter."

5 **SECTION 2.** The first sentence of G.S. 58-65-2 reads as rewritten:

6 "**§ 58-65-2. Other laws applicable to service corporations.**

7 The following ~~provisions of this Chapter~~ laws are applicable to service corporations  
8 that are subject to this Article:"

9 **SECTION 3.** This act is effective when it becomes law.