

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**HOUSE BILL 1122**

Short Title: Workers' Comp Loss Modifications and Study. (Public)

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Sponsors: Representative Allred.

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Referred to: Insurance.

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April 12, 2001

A BILL TO BE ENTITLED

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2 AN ACT TO REQUIRE THE NORTH CAROLINA RATE BUREAU TO REVISE  
3 AND REFILE A CLASSIFICATION PLAN FOR LOSS MODIFICATIONS IN  
4 WORKERS' COMPENSATION INSURANCE; AND TO AUTHORIZE THE  
5 LEGISLATIVE RESEARCH COMMISSION TO STUDY WORKERS'  
6 COMPENSATION INSURANCE CLASSIFICATIONS, INCLUDING THE  
7 DEVELOPMENT AND IMPLEMENTATION OF LOSS MODIFICATIONS.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 58-36-10(4) reads as rewritten:

10 "(4) Risks may be grouped by classifications and lines of insurance for  
11 establishment of rates, loss costs, and base premiums. Classification  
12 rates may be modified to produce rates for individual risks in  
13 accordance with rating plans that establish standards for measuring  
14 variations in hazards or expense provisions or both. Those standards  
15 may measure any differences among risks that can be demonstrated to  
16 have a probable effect upon losses or expenses. With respect to loss  
17 modifications for workers' compensation insurance premium rates, the  
18 Bureau shall file, subject to review, modification, and promulgation by  
19 the Commissioner, a classification plan that the Commissioner deems  
20 to be desirable and equitable to classify employers for insurance  
21 purposes. Subsequently, the Commissioner may require the Bureau to  
22 file changes in the classification plan. The Bureau shall establish and  
23 implement a comprehensive classification rating plan for motor  
24 vehicle insurance under its jurisdiction. No such classification plans  
25 shall base any standard or rating plan for private passenger (~~nonfleet~~)  
26 motor vehicles, in whole or in part, directly or indirectly, upon the age  
27 or gender of the persons insured. The Bureau shall at least once every  
28 three years make a complete review of the filed classification rates to

1 determine whether they are proper and supported by statistical  
2 evidence, and shall at least once every 10 years make a complete  
3 review of the territories for nonfleet private passenger motor vehicle  
4 insurance to determine whether they are proper and reasonable."

5 **SECTION 2.** The North Carolina Rate Bureau shall file, in accordance with  
6 G.S. 58-36-15, a revised classification plan to reflect the provisions of this act. The  
7 Bureau shall make the filing no later than October 1, 2001, and the plan shall become  
8 effective six months after the date the plan is approved by the Commissioner. The  
9 revised plan shall apply only to new and renewal workers' compensation insurance  
10 policies written on and after the effective date of the plan.

11 **SECTION 3.** Any adjustments in rates for workers' compensation insurance  
12 that are necessary to offset any change in the premium level due to the implementation  
13 of the provisions of this act shall be made through adjustments in the base rates for the  
14 affected coverages. The adjustments shall be filed by the Bureau with the  
15 Commissioner in accordance with Article 36 of Chapter 58 of the General Statutes.

16 **SECTION 4.** The Legislative Research Commission may study workers'  
17 compensation insurance classifications, including the development and implementation  
18 of loss modifications. The Commission may report its findings and recommendations,  
19 including recommended legislation, to the 2002 Regular Session of the 2001 General  
20 Assembly.

21 **SECTION 5.** This act is effective when it becomes law.