

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE DRH70215-MH-84 (3/19)

Short Title: Prohibit Beach Plan Surplus Distribution.

(Public)

Sponsors: Representative Spear.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THE RETENTION OF ACCUMULATED SURPLUS BY THE
3 NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 58-45-25 reads as rewritten:

6 "§ 58-45-25. Each member of Association to participate in its ~~expenses, profits, and~~
7 ~~losses.~~ expenses and losses.

8 (a) Each member of the Association shall participate in the ~~expenses, profits, expenses~~
9 and losses of the Association in the proportion that its net direct premium written in this State
10 during the preceding calendar year for residential and commercial properties outside of the
11 beach and coastal areas bears to the aggregate net direct premiums written in this State during
12 the preceding calendar year for residential and commercial properties outside of the beach and
13 coastal areas by all members of the Association, as certified to the Association by the
14 Commissioner. The Commissioner shall certify each member's participation after review of
15 annual statements and any other reports and data necessary to determine participation and may
16 obtain any necessary information or data from any member of the Association for this purpose.
17 Any insurer that is authorized to write and that is engaged in writing any insurance, the writing
18 of which requires the insurer to be a member of the Association under G.S. 58-45-10, shall
19 become a member of the Association on the first day of January after authorization. The
20 determination of the insurer's participation in the Association shall be made as of the date of
21 membership of the insurer in the same manner as for all other members of the Association.

22 (b) All member companies shall receive credit each year for essential property
23 insurance, farmowners insurance, homeowners insurance, and the property portion of
24 commercial multiple peril policies voluntarily written in the beach and coastal areas in
25 accordance with guidelines and procedures to be submitted by the Directors to the
26 Commissioner for approval. The participation of each member company in the ~~expenses,~~
27 ~~profits, and losses~~ expenses and losses of the Association shall be reduced accordingly;
28 provided, no credit shall be given where coverage for the peril of wind has been excluded. The
29 guidelines and procedures for granting credit shall encourage and assist each member company
30 to voluntarily write these coverages in the beach and coastal areas for commercial and
31 residential properties.

32 (c) The North Carolina Insurance Underwriting Association shall use the "take out"
33 program, as filed with and approved by the Commissioner, in the coastal area.



1 (d) The accumulated surplus of the Association shall be retained from year to year and
2 used to pay losses, reinsurance costs, and other operating expenses as necessary. No member
3 company shall be entitled to the distribution of any portion of the Association's surplus."

4 **SECTION 2.** This act is effective when it becomes law.