

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

H.B. 308
Mar 15, 2021
HOUSE PRINCIPAL CLERK

H

D

HOUSE BILL DRH10137-NEa-48

Short Title: Reinsurance Fac. Reasonable Policy Red. Act. (Public)

Sponsors: Representatives Warren, Howard, and Moffitt (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO LIMIT CESSION OF INSURANCE PREMIUMS TO THE REINSURANCE
3 FACILITY OVER A FIVE-YEAR PERIOD.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** G.S. 58-37-40(e) is amended by adding a new subdivision to read:

6 "(3) For insurers that cede more than seventy-five percent (75%) of their direct
7 written motor vehicle insurance premiums in North Carolina to the Facility,
8 the ceding expense allowance paid to such member shall not exceed twenty
9 percent (20%) of the total North Carolina motor vehicle insurance premiums
10 the member writes on ceded business."

11 **SECTION 1.(b)** G.S. 58-37-45 reads as rewritten:

12 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**

13 Upon receipt by the company of a risk which it does not elect to retain, the company shall
14 follow such procedures for ceding the risk as are established by the plan of operation. The plan
15 of operation shall limit cession to the Facility to no more than ninety-five percent (95%) of any
16 company's direct written motor vehicle insurance premiums in the State unless the company has
17 obtained the specific approval of the Commissioner."

18 **SECTION 1.(c)** G.S. 58-37-45, as rewritten by subsection (b) of this section, reads
19 as rewritten:

20 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**

21 Upon receipt by the company of a risk which it does not elect to retain, the company shall
22 follow such procedures for ceding the risk as are established by the plan of operation. The plan
23 of operation shall limit cession to the Facility to no more than ~~ninety-five percent (95%)~~ ninety
24 percent (90%) of any company's direct written motor vehicle insurance premiums in the State
25 unless the company has obtained the specific approval of the Commissioner."

26 **SECTION 1.(d)** G.S. 58-37-45, as rewritten by subsections (b) and (c) of this
27 section, reads as rewritten:

28 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**

29 Upon receipt by the company of a risk which it does not elect to retain, the company shall
30 follow such procedures for ceding the risk as are established by the plan of operation. The plan
31 of operation shall limit cession to the Facility to no more than ~~ninety percent (90%)~~ eighty-five
32 percent (85%) of any company's direct written motor vehicle insurance premiums in the State
33 unless the company has obtained the specific approval of the Commissioner."

34 **SECTION 1.(e)** G.S. 58-37-45, as rewritten by subsections (b), (c), and (d) of this
35 section, reads as rewritten:

36 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**



1 Upon receipt by the company of a risk which it does not elect to retain, the company shall
2 follow such procedures for ceding the risk as are established by the plan of operation. The plan
3 of operation shall limit cession to the Facility to no more than ~~eighty-five percent (85%)~~
4 eighty percent (80%) of any company's direct written motor vehicle insurance premiums in the State
5 unless the company has obtained the specific approval of the Commissioner."

6 **SECTION 1.(f)** G.S. 58-37-45, as rewritten by subsections (b), (c), (d), and (e) of
7 this section, reads as rewritten:

8 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**

9 Upon receipt by the company of a risk which it does not elect to retain, the company shall
10 follow such procedures for ceding the risk as are established by the plan of operation. The plan
11 of operation shall limit cession to the Facility to no more than ~~eighty percent (80%)~~
12 seventy-five percent (75%) of any company's direct written motor vehicle insurance premiums in the State
13 unless the company has obtained the specific approval of the Commissioner."

14 **SECTION 2.** There is appropriated from the General Fund to the North Carolina
15 Rate Bureau the sum of five thousand dollars (\$5,000) for the 2021-2022 fiscal year to support
16 costs associated with notifying insurers in this State who will be affected by this act.

17 **SECTION 3.** Sections 1(a) and 1(f) of this act become effective January 1, 2026.
18 Section 1(e) of this act becomes effective January 1, 2025. Section 1(d) of this act becomes
19 effective January 1, 2024. Section 1(c) of this act becomes effective January 1, 2023. Section
20 1(b) of this act becomes effective January 1, 2022. Section 2 of this act becomes effective July
21 1, 2021.