

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1086\*

Short Title: Loss Costs Cleanup.

(Public)

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Sponsors: Representatives Lemmond; Thompson and Sharpe.

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Referred to: Insurance.

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May 14, 1996

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS IN THE 1995 WORKERS' COMPENSATION INSURANCE LOSS COSTS RATING LAWS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-36-100(m) reads as rewritten:

"(m) The Bureau shall file all of the following with the Commissioner:

- (1) Final workers' compensation rates and rating plans for the residual market.
- (2) The uniform classification plan and rules.
- (3) The uniform experience rating plan and rules.
- (4) A uniform policy form to be used by member insurers for voluntary and residual market business.
- (5) Advisory manual workers' compensation rates to be used for the ~~sole purpose~~ purposes of calculating deviations under G.S. 58-2-145(c) and Article 36 of this Chapter and of computing the premium tax liability of self-insurers under G.S. 105-228.5."

Sec. 2. G.S. 58-2-145 reads as rewritten:

"(c) Each self-insured employer group must determine its individual member employers' premiums or contributions using the current rates and classifications filed by the North Carolina Rate Bureau ~~and approved by~~ with the Commissioner under ~~Article 36~~

1 of this Chapter. G.S. 58-36-100(m)(5). Deviations from these rates or classifications are  
2 permitted only in accordance with Article 36 of this Chapter, except that no deviation is  
3 required to be filed with the Rate Bureau.

4 The Commissioner shall approve a request filed for a deviation to reduce premiums or  
5 contributions or provide discounts if the filed request is accompanied by competent,  
6 independent financial and actuarial information. Despite the provisions of G.S. 58-36-  
7 30(c), a deviation shall not be required to apply uniformly to all classifications. The  
8 Commissioner may deny a filed request for a deviation only if he finds, after notice and a  
9 public hearing, that the deviation would result in a hazardous financial condition to the  
10 group, based on financial, actuarial or other information. The public hearing shall be  
11 held within 45 days after the requested deviation is filed in its entirety, and the  
12 Commissioner shall give at least 14 days' notice of the hearing to the person filing the  
13 request and to other persons designated by the Commissioner. The Commissioner shall  
14 make a determination as expeditiously as reasonably practicable after the conclusion of  
15 the hearing, provided that the request shall be deemed approved unless denied within 60  
16 days after it was filed in its entirety.

17 'Hazardous financial condition', for purposes of this subsection, means that, based on  
18 its present or reasonably anticipated financial condition, a group, although not yet  
19 financially impaired or insolvent, is unlikely to be able:

- 20 (1) To meet obligations with respect to known claims and reasonably  
21 anticipated claims; or  
22 (2) To pay other obligations in the normal course of business."

23 Sec. 3. This act is effective upon ratification.