

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 395*

Short Title: Property Insurance Rate Review Board. (Public)

Sponsors: Senators Goolsby; Brown, Clary, Daniel, Davis, Forrester, Hise, Jackson, Preston, Rabon, Tucker, and White.

Referred to: Insurance.

March 23, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE A CITIZENS' PROPERTY INSURANCE BOARD TO PROTECT
3 THE INTERESTS OF NORTH CAROLINA CITIZENS IN THE PROPERTY
4 INSURANCE RATESETTING PROCESS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Chapter 58 of the General Statutes is amended by adding a new
7 Article to read:

8 "Article 36A.

9 "Citizens' Property Insurance Board.

10 **"§ 58-36A-1. North Carolina Citizens' Property Insurance Board established.**

11 (a) Creation. – There is created the North Carolina Citizens' Property Insurance Board
12 for the purpose of providing public input and accountability in the setting of property insurance
13 rates in North Carolina.

14 (b) Membership. – The Citizens' Property Insurance Board shall consist of the
15 following 11 members:

- 16 (1) Two members appointed from the public at large by the Governor.
17 (2) Two members appointed by the General Assembly on the recommendation
18 of the President Pro Tempore of the Senate, as provided in G.S. 120-121.
19 (3) Two members appointed by the General Assembly on the recommendation
20 of the Speaker of the House of Representatives, as provided in G.S. 120-121.
21 (4) A licensed real estate broker appointed by the Governor upon the
22 recommendation of the North Carolina Association of Realtors.
23 (5) A licensed general contractor appointed by the Governor upon the
24 recommendation of the North Carolina Home Builders Association.
25 (6) A licensed attorney certified as a specialist in real property by the Board of
26 Legal Specialization of the North Carolina State Bar appointed by the
27 Governor upon the recommendation of the North Carolina Bar Association.
28 (7) An actuary qualified as a member of the Casualty Actuarial Society and
29 appointed by the Governor.
30 (8) One member with expertise in the area of climatology and having particular
31 experience in the modeling of tropical cyclones, appointed by the Governor
32 upon the recommendation of the Director of the State Climate Office.

33 (c) Qualifications of Members. – The appointments shall reflect the geographic
34 diversity of the State. Of the appointments made pursuant to subdivisions (b)(1), (b)(2), and
35 (b)(3) of this section, one appointment shall be a person with expertise in insurance, and one
36 appointment shall be an elected official of a county or municipality.



1 (d) Terms of Office. – An appointee may serve more than one term. The terms of office
2 are as follows:

3 (1) The initial term of office for members appointed by the Governor under
4 subdivisions (b)(1) and (b)(6) of this section shall be two years until June 30,
5 2013, and thereafter shall be three years.

6 (2) The initial term of office for the members appointed by the General
7 Assembly upon the recommendation of the President Pro Tempore of the
8 Senate or appointed by the Governor under subdivisions (b)(5) and (b)(8)
9 shall be four years until June 30, 2015, and thereafter shall be three years.

10 (3) The initial term of office for the members appointed by the General
11 Assembly upon the recommendation of the Speaker of the House of
12 Representatives or appointed by the Governor under subdivisions (b)(4) and
13 (b)(7) of this section shall be three years until June 30, 2014, and thereafter
14 shall be three years.

15 (e) Officers. – The Board shall elect a chair and a vice-chair from among its
16 membership. In the absence of the chair, the vice-chair shall preside over the Board's meetings.
17 All members are voting members, and a majority of the Board constitutes a quorum. The Board
18 may adopt rules to govern its proceedings.

19 (f) Meetings. – Meetings of the Board shall be held upon the call of the chair or the
20 vice-chair with the approval of the chair.

21 (g) Expenses. – Members of the Board shall be reimbursed for travel and subsistence
22 expenses at the rates allowed to State officers and employees by G.S. 138-6(a).

23 (h) Removal; Vacancies. – Any member of the Board may be removed by a vote of at
24 least two-thirds of the members at any duly held meeting, for any cause that renders the
25 member incapable or unfit to discharge the duties of the office. Whenever a vacancy on the
26 Board exists for any reason, the original appointing authority shall appoint or elect a member
27 for the remaining portion of the term.

28 **"§ 58-36A-5. Powers and Duties of the Citizens' Property Insurance Board.**

29 The Board shall have the following powers and duties:

30 (1) To review, investigate, and make appropriate recommendations to the
31 Commissioner with respect to the reasonableness and consistency of rates
32 charged or filed by the North Carolina Rate Bureau.

33 (2) To provide additional analysis and data to the Commissioner to consider in
34 reviewing rates filed by the North Carolina Rate Bureau under
35 G.S. 58-36-15.

36 (3) When deemed necessary by the Board in the public interest, to petition the
37 Commissioner to initiate proceedings to review, investigate, and take
38 appropriate action with respect to rates filed by the North Carolina Rate
39 Bureau.

40 (4) To review and investigate complaints from property insurance policyholders
41 and make recommendations to the Commissioner where appropriate.

42 (5) When deemed necessary by the Board in the public interest through an
43 adopted resolution, to intervene on behalf of the public in all Department of
44 Insurance proceedings affecting rates charged for homeowners and dwelling
45 insurance policies, including, but not limited to, hearings conducted under
46 G.S. 58-36-20 and G.S. 58-45-50.

47 (6) When deemed necessary by the Board in the public interest through an
48 adopted resolution, to intervene on behalf of the public in appeals under
49 G.S. 58-2-75 involving rates charged for homeowners and dwelling
50 insurance policies."

1 **SECTION 2.(a)** Article 36 of Chapter 58 of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 58-36-17. Bureau to share information with Citizens' Property Insurance Board.**

4 The Bureau shall provide to the Citizens' Property Insurance Board upon the Board's
5 request any information or analysis compiled by the Bureau in support of a property insurance
6 rate filing and any nonprivileged communications between the Bureau and the Department
7 regarding any property insurance rate filing. Information that the Bureau designates as
8 confidential shall be kept confidential by the Board and shall not be open for public inspection.
9 The Bureau and the Board shall be immune from civil liability for erroneous information
10 released by the Bureau pursuant to this section, provided that the Bureau and the Board acted in
11 good faith and without malicious or willful intent to harm in erroneously releasing the
12 information."

13 **SECTION 2.(b)** G.S. 58-45-65.1 reads as rewritten:

14 **"§ 58-45-65.1. Association to be audited.**

15 The Association shall be audited on an annual basis by an auditor selected by the
16 ~~Commissioner.~~Commissioner from a list of three names provided by the North Carolina
17 Citizens' Property Insurance Board."

18 **SECTION 3.** G.S. 58-2-75 reads as rewritten:

19 **"§ 58-2-75. Court review of orders and decisions.**

20 ...

21 (f) The North Carolina Citizens' Property Insurance Board shall have an unconditional
22 right of intervention in proceedings under this section."

23 **SECTION 4.** For administrative purposes, the North Carolina Citizens' Property
24 Insurance Board created by this act shall be located in the Department of Insurance. The
25 Department will provide appropriate administrative and clerical support for the activities of the
26 Board from funds made available to the Department.

27 **SECTION 5.** Beginning in 2012, the North Carolina Citizens' Property Insurance
28 Board shall prepare an annual report to the Joint Legislative Commission on Governmental
29 Operations no later than October 15 of each year. The report shall include, at a minimum, the
30 Board's findings as to whether property insurance rates charged or filed are excessive,
31 inadequate, unreasonable, unfairly discriminatory, or otherwise not in the public interest or
32 whether a property tax rate geographical classification assignment is unwarranted,
33 unreasonable, improper, unfairly discriminatory, or not in the public interest.

34 **SECTION 6.** This act becomes effective July 1, 2011. The appointing authorities
35 specified in G.S. 58-36A-1, as enacted by Section 1 of this act, shall make their initial
36 appointments by October 1, 2011.