

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1696
Committee Substitute Favorable 6/22/00
Committee Substitute #2 Favorable 6/29/00
Senate Insurance Committee Substitute Adopted 7/6/00

Short Title: Fire Ins. Public Protection/AB.

(Public)

Sponsors:

Referred to:

May 25, 2000

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY THE AUTHORITY OF THE COMMISSIONER OF
3 INSURANCE AND STATE FIRE MARSHAL TO ESTABLISH PUBLIC
4 PROTECTION CLASSIFICATIONS FOR INSURANCE RATING PURPOSES.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 58-36-10(3) reads as rewritten:

7 "(3) In the case of ~~fire property insurance rates, as are subject to the~~
8 ~~ratemaking authority of the Bureau, rates under this Article,~~
9 consideration may be given to the experience of ~~such fire property~~
10 insurance business during the most recent five-year period for
11 which that experience is available. In the case of ~~fire property~~
12 insurance rates ~~that are subject to the ratemaking authority of the~~
13 ~~Bureau, under this Article,~~ consideration shall be given to the
14 insurance public protection classifications of ~~rural fire districts~~
15 ~~based upon standards~~ fire districts established by the
16 Commissioner. ~~To the extent credits are provided for proximity to~~
17 ~~fire hydrants, the Bureau may also provide appropriate credits in~~

1 ~~public protection classifications for optional water sources, such as~~
2 ~~ponds, lakes, or other bodies of water, in accordance with standards~~
3 ~~and procedures filed with and approved by the Commissioner.~~ The
4 Commissioner shall establish and modify from time to time
5 insurance public protection districts for all rural areas of the State
6 and for cities with populations of 100,000 or fewer, according to
7 the most recent annual population estimates certified by the State
8 Planning Officer. In establishing and modifying these districts,
9 the Commissioner shall use standards at least equivalent to those
10 used by the Insurance Services Office, Inc., or any successor
11 organization. The standards developed by the Commissioner are
12 subject to Article 2A of Chapter 150B of the General Statutes.
13 The insurance public protection classifications established by the
14 Commissioner issued pursuant to the provisions of this Article
15 shall be subject to appeal as provided in G.S. 58-2-75, et seq.
16 The exceptions stated in G.S. 58-2-75(a) do not apply."

17 Section 2. G.S. 58-40-25(4) reads as rewritten:

18 "(4) ~~With respect to fire insurance, to the extent credits are provided for~~
19 ~~proximity to fire hydrants, insurers may also provide appropriate credits~~
20 ~~in public protection classifications for optional water sources, such as~~
21 ~~ponds, lakes, or other bodies of water, in accordance with standards and~~
22 ~~procedures filed with and approved by the Commissioner.~~ In the case of
23 property insurance rates under this Article, consideration shall be given
24 to the insurance public protection classifications of fire districts
25 established by the Commissioner. The Commissioner shall establish
26 and modify from time to time insurance public protection districts for all
27 rural areas of the State and for cities with populations of 100,000 or
28 fewer, according to the most recent annual population estimates
29 certified by the State Planning Officer. In establishing and modifying
30 these districts, the Commissioner shall use standards at least equivalent
31 to those used by the Insurance Services Office, Inc., or any successor
32 organization. The standards developed by the Commissioner are subject
33 to Article 2A of Chapter 150B of the General Statutes. The insurance
34 public protection classifications established by the Commissioner issued
35 pursuant to the provisions of this Article shall be subject to appeal as
36 provided in G.S. 58-2-75, et seq. The exceptions stated in G.S. 58-2-
37 75(a) do not apply."

38 Section 3. This act is effective when it becomes law and expires July 1, 2005.
39 Any changes to classifications of insurance public protection districts issued by the
40 Commissioner pursuant to this act shall become effective no sooner than 90 days after the
41 standards for public protection district classifications are adopted by the Department and
42 shall apply to insurance policies issued or renewed on or after that date.