

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1999

HOUSE BILL 1696
RATIFIED BILL

AN ACT TO CLARIFY THE AUTHORITY OF THE COMMISSIONER OF
INSURANCE AND STATE FIRE MARSHAL TO ESTABLISH PUBLIC
PROTECTION CLASSIFICATIONS FOR INSURANCE RATING PURPOSES.

The General Assembly of North Carolina enacts:

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

"(3) In the case of ~~fire property insurance rates, as are subject to the ratemaking authority of the Bureau, rates under this Article,~~ consideration may be given to the experience of ~~such fire property insurance business during the most recent five-year period for which that experience is available.~~ In the case of ~~fire property insurance rates that are subject to the ratemaking authority of the Bureau, under this Article,~~ consideration shall be given to the insurance public protection classifications of ~~rural fire districts based upon standards~~ fire districts established by the Commissioner. ~~To the extent credits are provided for proximity to fire hydrants, the Bureau may also provide appropriate credits in public protection classifications for optional water sources, such as ponds, lakes, or other bodies of water, in accordance with standards and procedures filed with and approved by the Commissioner.~~ The Commissioner shall establish and modify from time to time insurance public protection districts for all rural areas of the State and for cities with populations of 100,000 or fewer, according to the most recent annual population estimates certified by the State Planning Officer. In establishing and modifying these districts, the Commissioner shall use standards at least equivalent to those used by the Insurance Services Office, Inc., or any successor organization. The standards developed by the Commissioner are subject to Article 2A of Chapter 150B of the General Statutes. The insurance public protection classifications established by the Commissioner issued pursuant to the provisions of this Article shall be subject to appeal as provided in G.S. 58-2-75, et seq. The exceptions stated in G.S. 58-2-75(a) do not apply."

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

"(4) ~~With respect to fire insurance, to the extent credits are provided for proximity to fire hydrants, insurers may also provide appropriate credits in public protection classifications for optional water sources, such as ponds, lakes, or other bodies of water, in accordance with standards and procedures filed with and approved by the Commissioner.~~ In the case of property insurance rates under this Article, consideration shall be given to the insurance public protection classifications of fire districts established by the Commissioner. The Commissioner shall establish and modify from time to time insurance public protection districts for all rural areas of the State and for cities

with populations of 100,000 or fewer, according to the most recent annual population estimates certified by the State Planning Officer. In establishing and modifying these districts, the Commissioner shall use standards at least equivalent to those used by the Insurance Services Office, Inc., or any successor organization. The standards developed by the Commissioner are subject to Article 2A of Chapter 150B of the General Statutes. The insurance public protection classifications established by the Commissioner issued pursuant to the provisions of this Article shall be subject to appeal as provided in G.S. 58-2-75, et seq. The exceptions stated in G.S. 58-2-75(a) do not apply."

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

In the General Assembly read three times and ratified this the 11th day of July, 2000.

Marc Basnight
President Pro Tempore of the Senate

James B. Black
Speaker of the House of Representatives

James B. Hunt, Jr.
Governor

Approved _____ .m. this _____ day of _____ , 2000