

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 229*

Short Title: LRC Study Insurance Availability Beach Areas. (Public)

Sponsors: Representatives Redwine, Dedmon, Hurley, Nye, Smith; Preston and Hill.

Referred to: Rules, Calendar, and Operations of the House.

February 26, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO
3 CONTINUE TO STUDY ISSUES RELATED TO INSURANCE AVAILABILITY
4 IN BEACH AND COASTAL AREAS; TO REQUEST THE LEGISLATIVE
5 RESEARCH COMMISSION, IN ESTABLISHING THE STUDY COMMITTEE,
6 TO RECONSTITUTE THE SAME MEMBERSHIP AS THAT APPOINTED FOR
7 THE STUDY COMMITTEE IN THE 2000 INTERIM; AND TO APPROPRIATE
8 FUNDS AS RECOMMENDED BY THE LEGISLATIVE RESEARCH
9 COMMISSION.

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** The Legislative Research Commission may study the
12 provisions of Articles 45 and 46 of Chapter 58 of the General Statutes, other relevant
13 portions of the General Statutes, and the plans and operations of the North Carolina
14 Insurance Underwriting Association ("Beach Plan") and the North Carolina Joint
15 Underwriting Association ("FAIR Plan"). If the Commission undertakes the study, it
16 may consider all issues related to the availability of insurance coverage, including wind
17 coverage, in the beach and coastal areas of the State. The Commission may study the
18 problems associated with the lack of availability of coverage in the beach and coastal
19 areas, including:

- 20 (1) The unwillingness of insurance carriers to write their proportionate
21 share of coverage in those areas of the State.
22 (2) The inadequacy and inefficiency of the operations of the FAIR and
23 Beach Plans.
24 (3) The restrictiveness of the coverage provided by the FAIR and Beach
25 Plans.

26 The Commission may also consider:

- 1 (1) All possible options to encourage insurance carriers to write more
2 insurance policies in the beach and coastal areas.
- 3 (2) Whether the Beach Plan and possibly the FAIR Plan should be
4 administered through a reinsurance facility concept such as the North
5 Carolina Motor Vehicle Reinsurance Facility.
- 6 (3) Whether the temporary rate cap on wind-only policies written in the
7 coastal area should be removed.
- 8 (4) The option of directing members of the FAIR and Beach Plans to
9 provide coverage, where otherwise eligible except for geographic
10 location, with the option to cede the entire exposure or portions thereof
11 to the Plans.
- 12 (5) The benefits of allowing annual credit to insurance carriers based on
13 insurance exposure written as opposed to insurance premium written,
14 as specified in G.S. 58-45-25.
- 15 (6) Possible revisions of the participation formula of the Beach Plan.

16 If this study is undertaken, the Commission shall report to the 2002 Session
17 of the 2001 General Assembly on its findings and may make any legislative
18 recommendations it considers appropriate.

19 **SECTION 2.** If the Legislative Research Commission undertakes the study
20 authorized by Section 1 of this act, the membership and chairmanship of the study
21 committee may be the same as that of the former Insurance Availability in Beach and
22 Coastal Areas Committee during the 1999-2000 interim as authorized by Section 2.1 of
23 S.L. 2000-138.

24 **SECTION 3.** There is appropriated from the General Fund to the General
25 Assembly the sum of fifteen thousand dollars (\$15,000) for the 2001-2002 fiscal year to
26 implement this act.

27 **SECTION 4.** This act becomes effective July 1, 2001.