~~Indicates Matter Stricken~~

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COMMITTEE REPORT

May 24, 2016

**S. 1064**

Introduced by Senators Young and Rankin

S. Printed 5/24/16--H.

Read the first time April 13, 2016.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Bill (S. 1064) to amend Section 38‑73‑525 of the 1976 Code, relating to the requirement that an insurer writing a workers’ compensation policy shall file certain information on which it relies, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

F. GREGORY DELLENEY, JR. for Committee.

**A** **BILL**

TO AMEND SECTION 38‑73‑525 OF THE 1976 CODE, RELATING TO THE REQUIREMENT THAT AN INSURER WRITING A WORKERS’ COMPENSATION POLICY SHALL FILE CERTAIN INFORMATION ON WHICH IT RELIES TO SUPPORT ITS RATE REQUEST, TO PROVIDE THAT THE INSURER MUST ADOPT THE MOST RECENT LOSS COST WITHIN ONE HUNDRED TWENTY DAYS OF APPROVAL OF THE LOSS COSTS; AND TO AMEND SECTION 38‑73‑1210, RELATING TO THE REQUIREMENT THAT ITS OBLIGATION TO MAKE CERTAIN FILINGS MAY BE SATISFIED BY MAKING FILINGS AS A MEMBER OF, OR SUBSCRIBER TO, A LICENSED RATING ORGANIZATION THAT MAKES FILINGS, TO REQUIRE THE FILINGS BE RULE AND FORM FILINGS AND NOT LOSS COST ADOPTION FILINGS, AND REQUIRE THE INSURER TO FILE FOR CERTAIN APPROVAL IF THE RATING ORGANIZATION TO WHICH IT SUBSCRIBES HAS A RATE INCREASE WITHIN TWELVE MONTHS AFTER THE INSURER BECOMES A MEMBER.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 38‑73‑525 of the 1976 Code is amended to read:

“Section 38‑73‑525. (A) Each insurer writing workers’ compensation insurance shall adopt the most recent loss costs within sixty days after approval of these loss costs. This loss costs adoption must become effective no later than one hundred twenty days after the effective date of the approved loss costs. An insurer must notify the department of its adoption of the most recently approved loss costs by filing a notification on a form and in a manner prescribed by the director or his designee. The notification filing required by this subsection does not constitute a rate filing and is not subject to prior approval.

(B)(1) At least ~~thirty~~ sixty days ~~prior to~~ before using a new ~~rates, every~~ multiplier for expenses, assessments, profits, and contingencies, each insurer writing workers’ compensation ~~must~~ shall file its multiplier for expenses, assessments, profit, and contingencies and any information relied upon by the insurer to support the multiplier and any modifications to loss costs. A copy of the filing must be provided simultaneously to the consumer advocate.

(2) ~~The filing~~ Filings submitted pursuant to item (1) must be filed on a form and in the manner prescribed by the director or his designee and must contain, at a minimum, the following information: commission expense; other acquisition expense; general expense; expenses associated with recoveries from the Second Injury Fund; guaranty fund assessments; other assessments; premium taxes; miscellaneous taxes, licenses, or fees; ~~and~~ a provision for profit and contingencies, and the date of approval of the loss costs to which the multiplier is applied, which must be the most recently approved loss costs.

(3) ~~Rate~~ Filings submitted pursuant to item (1) are subject to approval of the director or his designee and must be reviewed by an actuary employed or retained by the department who is a member of the American Academy of Actuaries or an associate or fellow of the Casualty Actuarial Society.

(4)(a) Within the ~~thirty‑day~~ sixty‑dayperiod, if the director or his ~~or her~~ designee believes the information filed is not complete, the director or his ~~or her~~ designee ~~must~~ shall notify the insurer of additional information to be provided. Within fifteen days of receipt of the notification, the insurer ~~must~~ shall provide the requested information or file for a hearing challenging the reasonableness of the director’s or his ~~or her~~ designee’s request. The burden is on the insurer to justify the denial of the additional information.

(b) Unless a hearing ~~has been~~ is requested, upon expiration of the ~~thirty‑day~~ sixty‑day period or the fifteen‑day period, whichever is later, the insurer may use the ~~rates developed using the multiplier of expenses, assessments, profit, and contingencies~~ multiplier for expenses, assessments, profit, and contingencies.”

SECTION 2. Section 38‑73‑1210 of the 1976 Code is amended to read:

“Section 38‑73‑1210. (A)(1) This item applies to property and casualty insurance but does not apply to workers’ compensation insurance. An insurer may satisfy its obligation to make required filings by becoming a member of, or a subscriber to, a licensed rating organization which makes filings and by authorizing the director or his designee to accept the filings on its behalf. However, notwithstanding ~~any other provisions~~ another provision of this article, ~~no~~ a member or subscriber ~~may~~, within twelve months after its membership or subscribership, may not file to adopt ~~any~~ a rate approved for use for the rating organization if the rate is more than the rate in use by the member or subscriber ~~prior to~~ before its membership or subscribership in the rating organization. Further, notwithstanding the provisions of Sections 38‑73‑1300~~,~~ and 38‑73‑1310, ~~and 38‑73‑1320, no~~ a member or subscriber, within twelve months after its membership or subscribership, may not be granted an upward deviation from its rate in use when becoming a member or subscriber. However, if a rate increase for the rating organization is approved within twelve months after an insurer becomes a member or subscriber, the member or subscriber may increase its rates by the same percentage of increase granted the rating organization. Nothing contained in this chapter may be construed ~~as requiring any~~ to require an insurer to become a member of or a subscriber to ~~any~~ a rating organization.

(2) This item applies to workers’ compensation insurance. An insurer may satisfy its obligation to make required filings by becoming a member of, or a subscriber to, a licensed rating organization that makes filings and by authorizing the director or his designee to accept the filings on its behalf. However, a licensed rating organization may not satisfy the insurer’s obligation to make filings required pursuant to Section 38‑73‑525.

(B) In addition to other activities not prohibited by this chapter, a rating organization may collect, compile, and disseminate to insurers compilations of past and current premiums of insurers.”

SECTION 3. This act takes effect upon approval by the Governor.

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