

## Session 112 - (1997-1998)

### **S 0674 General Bill, By Saleeby**

A BILL TO AMEND SECTION 38-73-10, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE DECLARATION OF THE PURPOSE AND THE CONSTRUCTION OF THE CHAPTER ON PROPERTY, CASUALTY, AND INLAND MARINE INSURANCE AND SURETY RATES AND RATEMAKING ORGANIZATIONS, SO AS TO REPLACE REFERENCES TO "DEPARTMENT OF INSURANCE" WITH "DIRECTOR OF THE DEPARTMENT OF INSURANCE OR HIS DESIGNEE", ALLOW FOR APPROVAL OF RISK CLASSIFICATION AND TERRITORIAL PLANS, AND DELETE CERTAIN LANGUAGE; TO AMEND SECTION 38-73-720, AS AMENDED, RELATING TO INSURANCE AND THE POWER TO ESTABLISH RISK AND TERRITORIAL CLASSIFICATIONS, SO AS TO, AMONG OTHER THINGS, DELETE CERTAIN LANGUAGE AND ADD A PROVISION THAT ANY RISK CLASSIFICATION OR CLASS PLAN WHICH DOES NOT RESULT IN AN INCOME LEVEL INCREASE FOR AN INSURER MUST NOT BE CONSIDERED A RATE CHANGE SUBJECT TO THE REQUIREMENTS OF SECTION 38-73-920; TO AMEND SECTION 38-73-730, AS AMENDED, RELATING TO INSURANCE AND RISK CLASSIFICATION PLANS, SO AS TO, AMONG OTHER THINGS, ALLOW FOR APPROVAL OF RISK AND TERRITORIAL CLASSIFICATION PLANS; TO AMEND SECTION 38-73-737, RELATING TO THE DRIVER TRAINING COURSE CREDIT TO BE APPLIED TOWARD LIABILITY AND COLLISION INSURANCE COVERAGE, SO AS TO, AMONG OTHER THINGS, DELETE CERTAIN LANGUAGE, AND PROVIDE FOR DRIVER TRAINING COURSE CREDIT MANDATED BY REGULATION BY ORDER OF THE DIRECTOR OF THE DEPARTMENT OF INSURANCE OR HIS DESIGNEE OR WITHIN ANY INSURER'S APPROVED CLASSIFICATION PLAN; TO AMEND SECTION 38-73-760, AS AMENDED, RELATING TO INSURANCE AND UNIFORM STATISTICAL PLANS, SO AS TO, AMONG OTHER THINGS, ALLOW FOR APPROVAL OF RISK AND TERRITORIAL CLASSIFICATION PLANS FOR AUTOMOBILE INSURANCE, DELETE CERTAIN LANGUAGE AND PROVISIONS, AND ADD A PROVISION THAT, BY JANUARY 1, 1998, THE REINSURANCE FACILITY SHALL FILE WITH THE DIRECTOR OF THE DEPARTMENT OF INSURANCE FOR APPROVAL A MERIT RATING AND RISK CLASSIFICATION PLAN TO BE USED BY ALL DESIGNATED CARRIERS FOR BUSINESS WRITTEN BY DESIGNATED PRODUCERS AND THAT, IN THE ALTERNATIVE, THE FACILITY MAY ADOPT ANY MERIT RATING AND RISK CLASSIFICATION PLAN ISSUED BY ORDER OF THE DIRECTOR OR APPROVED FOR A LICENSED RATING ORGANIZATION; TO AMEND SECTION 38-73-770, AS AMENDED, RELATING TO INSURANCE AND THE REQUIREMENT THAT CLASSIFICATION PLANS MUST BE STRUCTURED TO PRODUCE FAIR RATES, SO AS TO PROVIDE FOR APPROVAL OF CLASSIFICATION PLANS BY THE DIRECTOR OF THE DEPARTMENT OF INSURANCE OR HIS DESIGNEE; TO AMEND SECTION 38-77-10, AS AMENDED, RELATING TO THE DECLARATION OF THE PURPOSE OF THE CHAPTER ON AUTOMOBILE INSURANCE, SO AS TO PROVIDE FOR APPROVAL OF RISK AND TERRITORIAL CLASSIFICATION PLANS BY THE DIRECTOR OF THE DEPARTMENT OF INSURANCE OR HIS DESIGNEE, AND DELETE REFERENCE TO A CODE SECTION; TO AMEND SECTION 38-77-120, AS AMENDED, RELATING TO AUTOMOBILE INSURANCE AND THE REQUIREMENTS FOR NOTICE OF CANCELLATION OF OR REFUSAL TO RENEW A POLICY OF INSURANCE, SO AS TO SPECIFY THAT THE CODE SECTION APPLIES TO A POLICY OF AUTOMOBILE LIABILITY INSURANCE; TO AMEND SECTION 38-77-285, AS AMENDED, RELATING TO THE REQUIREMENT THAT ALL AUTOMOBILE INSURANCE COVERAGES MUST BE IN ONE POLICY, SO AS TO DELETE THE EXCEPTION THAT ALL AUTOMOBILE INSURANCE POLICIES IN EFFECT AT A CERTAIN TIME MAY CONTINUE IN FORCE UNTIL THE EXPIRATION DATE OF THE POLICY; BY ADDING SECTION 56-5-5315 SO AS TO PROVIDE THAT A PERSON VIOLATING SECTION 56-5-5310, WHICH MANDATES THAT A MOTOR VEHICLE SHALL NOT BE OPERATED UNLESS ITS EQUIPMENT IS IN GOOD WORKING ORDER AND THE VEHICLE IS IN SAFE MECHANICAL CONDITION, FOR A FIRST OFFENSE HAS TEN DAYS TO REPAIR A TAILLIGHT IF THE VIOLATION WAS FOR NOT HAVING A TAILLIGHT IN GOOD WORKING ORDER AND THAT IF THE PERSON IS FOUND TO BE IN CONTINUING VIOLATION OF SECTION 56-5-5310 AFTER THE TEN-DAY PERIOD, HE MUST BE PUNISHED AS PROVIDED BY LAW; TO AMEND SECTION 38-77-600, AS AMENDED, RELATING TO AUTOMOBILE INSURANCE AND THE REINSURANCE FACILITY'S RECOUPMENT CHARGE, SO AS TO DELETE THE CURRENT PROVISIONS OF THE SECTION, AND ADD PROVISIONS WHICH PROVIDE, AMONG OTHER THINGS, THAT THE INSURANCE PREMIUM CHARGED BY AUTOMOBILE INSURERS FOR LIABILITY COVERAGE UPON EACH PRIVATE PASSENGER AUTOMOBILE AND FOR EACH NONOWNER'S POLICY MUST INCLUDE A BASE RECOUPMENT FEE, THAT FOR THE YEAR JULY 1, 1999 TO JUNE 30, 1999 THAT BASE RECOUPMENT FEE MUST BE THE RECOUPMENT FEE APPROVED FOR SAFE DRIVERS AS OF JULY 1, 1997, THAT BEGINNING DECEMBER 2, 1998, THE BASE RECOUPMENT FEE MUST BE REVIEWED ANNUALLY BY DECEMBER SECOND BY A COMMITTEE, THAT THE BASE RECOUPMENT FEE MUST BE CALCULATED BY FACTORING NO MORE THAN .386 AGAINST THE TOTAL LOSSES OF THE FACILITY FROM THE PRECEDING FACILITY FISCAL YEAR, AND THAT THE RESULTING PRODUCT MUST BE DIVIDED BY THE NUMBER OF INSURED PRIVATE PASSENGER

AUTOMOBILES WITHIN THIS STATE; TO AMEND SECTION 38-77-620, AS AMENDED, RELATING TO THE INCLUSION OF THE REINSURANCE FACILITY'S RECOUPMENT CHARGES IN AUTOMOBILE INSURANCE RATES, SO AS TO DELETE THE REFERENCE TO SECTION 38-77-610 AND REPLACE IT WITH A REFERENCE TO SECTION 38-77-600; TO AMEND SECTION 38-77-910, AS AMENDED, RELATING TO THE AUTOMOBILE INSURANCE LAW OF SOUTH CAROLINA AND UNLAWFUL DISTINCTIONS BETWEEN POLICYHOLDERS OR APPLICANTS, SO AS TO PROVIDE FOR APPROVAL OF RATING PLANS FOR THE CLASSIFICATION OF RISKS AND TERRITORIES, AND DELETE REFERENCE TO THE DEPARTMENT OF INSURANCE AND REPLACE IT WITH "DIRECTOR OR HIS DESIGNEE"; TO AMEND SECTION 38-77-950, AS AMENDED, RELATING TO UNREASONABLE OR EXCESSIVE USE OF THE REINSURANCE FACILITY BY AN INSURER AND NOTICE TO A POLICYHOLDER THAT HIS AUTOMOBILE INSURANCE POLICY IS IN THE FACILITY, SO AS TO, AMONG OTHER THINGS, PROVIDE FOR APPROVAL OF A RATING PLAN FOR THE CLASSIFICATION OF RISKS, DELETE CERTAIN LANGUAGE, AND PROVIDE THAT IF AN INSURER CEDES CERTAIN CLASSES OR RATING CATEGORIES WHICH PRODUCE LOSS RATIOS TO THE FACILITY WHICH ARE GREATER THAN THE STATEWIDE AVERAGE FOR THE SAME OR SUBSTANTIALLY SIMILAR CLASSES OR RATING CATEGORIES, THE DIRECTOR OF THE DEPARTMENT OF INSURANCE OR HIS DESIGNEE MAY ORDER THAT INSURER TO ALTER ITS RATING OR CLASS PLAN, OR THE FACILITY'S GOVERNING BOARD MAY IMPOSE A THIRTY-FIVE PERCENT CESSION LIMITATION UPON THAT CLASS OR RATING CATEGORY; AND TO REPEAL SECTIONS 38-73-731, RELATING TO INSURANCE, REMOVAL FROM THE YOUTHFUL DRIVER CLASSIFICATION, AND REFUND OF EXCESS PREMIUM PAID, 38-73-1425, RELATING TO FINAL RATE OR PREMIUM CHARGE FOR PRIVATE PASSENGER AUTOMOBILE INSURANCE RISK CEDED TO THE REINSURANCE FACILITY, 38-77-360, RELATING TO THE PROVISIONS PROHIBITING AN INCREASE IN AUTOMOBILE INSURANCE PREMIUMS AFTER CERTAIN FIRST OFFENSE VIOLATIONS, AND 38-77-610, RELATING TO AUTOMOBILE INSURANCE AND THE FILING OF RECOUPMENT CHARGES.

**04/22/97    Senate    Introduced and read first time SJ-5**

**04/22/97    Senate    Referred to Committee on Banking and Insurance SJ-5**