~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

February 23, 2011

**H. 3332**

Introduced by Reps. Sandifer, McLeod, Bowers, Bales, Anderson, Pinson and Clemmons

S. Printed 2/23/11--S.

Read the first time February 15, 2011.

**THE COMMITTEE ON BANKING AND INSURANCE**

To whom was referred a Bill (H. 3332) to amend Section 38‑73‑736, Code of Laws of South Carolina, 1976, relating to certain reductions in premium charges, so as to provide certain definitions, etc., respectfully

**REPORT:**

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

DAVID L. THOMAS for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

Minimal (Some additional costs expected but can be absorbed)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

**EXPLANATION OF IMPACT:**

Department of Insurance

The department reports that this bill would generate additional telephone inquiries and filings that will need to be reviewed by the department’s Office of Market Services. The additional cost is estimated to be minimal and will be absorbed using the agency’s existing resources.

Other Agencies

The department of Motor Vehicles and the Department of Education indicate this bill will have no fiscal impact on the General Fund of the State, or on federal and/or other funds.

*Approved By:*

Harry Bell

Office of State Budget

**A** **BILL**

TO AMEND SECTION 38‑73‑736, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO CERTAIN REDUCTIONS IN PREMIUM CHARGES, SO AS TO PROVIDE CERTAIN DEFINITIONS, SUBJECT PREMIUM RATES CHARGED FOR LIABILITY AND COLLISION COVERAGE TO CERTAIN DRIVER TRAINING COURSE CREDITS FOR A DRIVER WHO IS NOT A YOUTHFUL OPERATOR, AND PROVIDE OTHER CONDITIONS CONCERNING THE CREDITS; TO AMEND SECTION 38‑73‑737, RELATING TO DRIVER TRAINING COURSE CREDIT TOWARD LIABILITY AND COLLISION INSURANCE COVERAGE, SO AS TO PROVIDE CERTAIN DEFINITIONS, SUBJECT PREMIUM RATES CHARGED FOR LIABILITY AND COLLISION COVERAGE TO CERTAIN DRIVER TRAINING COURSE CREDITS FOR A DRIVER WHO IS A YOUTHFUL OPERATOR, AND PROVIDE OTHER CONDITIONS CONCERNING THE CREDITS.

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

SECTION 1. Section 38‑73‑736 of the 1976 Code is amended to read:

“Section 38‑73‑736. ~~Any schedule of rates, rate classifications, or rating plans for automobile insurance as defined in Section 38‑77‑30 filed with the Department of Insurance must provide for an appropriate reduction in premium charges for those insured persons who are fifty‑five years of age and older and who qualify as provided in Section 38‑73‑737.~~

(A) As used in this section:

(1) ‘Approved driver training course’ means a driver’s training course that:

(a) is approved by the Department of Motor Vehicles or exempt pursuant to Chapter 23, Title 56;

(b) is administered by a driver’s training school that is licensed or approved by the Department of Motor Vehicles or exempt pursuant to Chapter 23 of Title 56;

(c) is conducted by a person holding a valid driver’s instructor permit pursuant to Chapter 23, Title 56; and

(d) includes a minimum of six hours of classroom instruction.

(2) ‘Approved driver training refresher course’ means a driver’s training course that:

(a) is approved by the Department of Motor Vehicles or exempt pursuant to Chapter 23, Title 56;

(b) is administered by a driver’s training school that is licensed or approved by the Department of Motor Vehicles or exempt pursuant to Chapter 23, Title 56;

(c) is conducted by a person holding a valid driver’s instructor permit pursuant to Chapter 23, Title 56;

(d) includes a minimum of four hours of classroom instruction; and

(e) is taken by a person that has previously completed successfully an approved driver training course, an approved driver training refresher course, or an approved driver’s education course as defined in Section 38‑73‑737(A)(1) before the termination of the preceding course’s effective period.

(3) ‘Satisfactory evidence of course completion’ means a certificate signed by an official of the licensed driver’s training school or the Department of Motor Vehicles, which certifies that:

(a) the person has successfully completed the course; and

(b) the course is an approved driver training course or approved driver training refresher course and meets the requirements of Chapter 23, Title 56.

(4) ‘Youthful operator’ means a person under the age of twenty‑five for which premium rates charged for liability coverages and collision coverage under a private passenger automobile insurance policy are determined by a youthful driver classification.

(B) Premium rates charged for liability coverages and collision coverage under a private passenger automobile insurance policy are subject to an appropriate driver training course credit once satisfactory evidence of course completion is presented by an applicant for the credit that is the named insured or principal operator of the vehicle and is not a youthful operator. The amount of the credit may be determined by each individual insurer based upon factually or statistically supported data and is subject to prior approval or review by the director. The credit must be afforded for a minimum of thirty‑six months from the date the approved driver training course or approved driver training refresher course was completed. The insurer may require, as a condition of providing and maintaining the credit, that the applicant not be involved in an accident for which the applicant is at fault for a three‑year period after course completion. The credit must be afforded by each insurer in a nondiscriminatory manner to all applicants, other than those considered youthful operators.

(C) Only the vehicle driven by an applicant that has completed successfully an approved driver training course or an approved driver training refresher course qualifies for the insurance credit required by this section. Other vehicles under the private passenger automobile insurance policy do not qualify for the insurance credit required by this section unless the named insured or principal operator of the additional vehicle has successfully completed an approved driver training course or an approved driver training refresher course.

(D) The insurer must provide the driver training course credit upon receipt of satisfactory evidence of course completion. Nothing in this section may be construed so as to require the insurer to provide the credit for any period of time before the date of receipt of satisfactory evidence of course completion.

(E) An applicant qualifying for the insurance credit required by this section may only claim the credit for successful completion of one approved driver training course or one approved driver training refresher course during any private passenger automobile insurance policy period.

(F) Only an approved driver training course or an approved driver training refresher course taken on a voluntary basis qualifies for the insurance credit. A driver training course taken as a requirement of a driving offense including, but not limited to, ADSAP or driver training courses taken to reduce the number of traffic violation points against a driver’s license, do not qualify for the insurance credit provided in this section.

(G) A schedule of rates, rate classification, or rating plan for private passenger automobile insurance must provide for an appropriate reduction in premium charges for an insured person who is not a youthful operator and who qualifies as provided in this section.”

SECTION 2. Section 38‑73‑737 of the 1976 Code is amended to read:

“Section 38‑73‑737. ~~(A)~~ ~~Premium rates charged for liability coverages and collision coverage under a private passenger automobile insurance policy are subject to an appropriate driver training course credit once satisfactory evidence is presented that an applicant for the credit, who is not subject to the youthful operator approved driver training course credit mandated by Regulation 69‑13.2(C), has completed successfully an approved driver training course. The amount of the credit may be determined by each individual insurer based upon factually or statistically supported data and is subject to prior approval by the commissioner. The credit must be afforded to the operator for thirty‑six months from the date the approved driver training course was completed. The insurer may require as a condition of providing and maintaining the credit, that the insured for a three‑year period after course completion not be involved in an accident for which the insured is at fault. The credit must be afforded by each insurer in a nondiscriminatory manner to all applicants, other than those considered within Regulation 69‑13.2(C).~~

~~(B)~~ ~~‘An approved driver training course’ for purposes of this section is a driver training course which has been approved by the Department of Motor Vehicles and was conducted by:~~

~~(1)~~ ~~a recognized college or university;~~

~~(2) instructors certified by the Department of Motor Vehicles; or~~

~~(3)~~ ~~any other school approved and supervised by the Department of Motor Vehicles.~~

~~(C)~~ ~~The requirements of the course, in order to qualify for the insurance credit, must include the following minimum criteria:~~

~~(1)~~ ~~eight hours of classroom instruction;~~

~~(2)~~ ~~the teaching method must include group discussion, lecture, and visual presentations;~~

~~(3)~~ ~~the course materials must include age‑related physical changes affecting older drivers, accident prevention measures, and a basic review of the rules‑of‑the‑road including, but not limited to, rights of way, backing, entering, and leaving interstate highways; and~~

~~(4)~~ ~~a relevant test on the course material.~~

~~(D)~~ ~~For purposes of this section ‘satisfactory evidence’ is a certificate signed by an official of the school or the Department of Motor Vehicles, which certifies that:~~

~~(1)~~ ~~the person achieved a passing grade on a relevant test on the course material;~~

~~(2)~~ ~~the course was approved by and the instructors were certified by the Department of Motor Vehicles; and~~

~~(3)~~ ~~the school was approved and supervised by the Department of Motor Vehicles.~~

~~(E)~~ ~~Only the vehicle driven by drivers who have completed successfully the driver training course qualifies for the insurance credit. In order for the credit to apply, the certificate must be furnished by the named insured, principal operator of the insured vehicle, and all occasional operators named in the policy as provided in Department of Insurance Regulation 69‑13.1(II)(C). Other vehicles which may be operated by other family members who have not completed the driver training course do not qualify for the insurance credit unless the primary driver of the additional vehicle has successfully completed the driver training course.~~

~~(F)~~ ~~Only driver training courses taken on a voluntary basis qualify for the insurance credit. Driver training courses taken as a requirement of a driving offense including, but not limited to, ADSAP or driver training courses taken to reduce the number of traffic violation points against a driver’s license, do not qualify for the insurance credit provided in this section.~~

(A) As used in this section:

(1) ‘Approved driver’s education course’ means a driver’s training course that:

(a) is approved by the Department of Motor Vehicles pursuant to Chapter 23, Title 56 or is approved by the Department of Education pursuant to Section 59‑39‑320;

(b) is administered by a driver’s training school that is licensed by the Department of Motor Vehicles or a state institution or duly accredited and approved college, private, parochial, or public high school pursuant to Chapter 23, Title 56; and

(c) is conducted by a person holding a valid driver’s instructor permit pursuant to Chapter 23, Title 56.

(2) ‘Satisfactory evidence of course completion’ means a certificate signed by an official of the school, the Department of Motor Vehicles, the Department of Education, or other responsible educational entity which certifies that:

(a) the person has successfully completed the course; and

(b) the course is an approved driver’s education course and meets the requirements of Chapter 23, Title 56 or Section 59‑39‑320.

(3) ‘Youthful operator’ means a person under the age of twenty‑five for which premium rates charged for liability coverages and collision coverage under a private passenger automobile insurance policy are determined by a youthful driver classification.

(B) Premium rates charged for liability coverages and collision coverage under a private passenger automobile insurance policy are subject to an appropriate driver’s education course credit once satisfactory evidence of course completion is presented by an applicant for the credit that is the named insured or principal operator of the vehicle and is a youthful operator. The amount of the credit may be determined by each individual insurer based upon factually or statistically supported data and is subject to prior approval or review by the director. The credit must be afforded from the date the approved driver’s education course was completed for as long as the premium rates continue to be determined by a youthful driver classification. The insurer may require, as a condition of providing and maintaining the credit, that the applicant not be involved in an accident for which the applicant is at fault or be convicted of, plead guilty to, or plead nolo contendere to a violation of the motor vehicle laws for any moving violation. The credit required by this section must be afforded by each insurer in a nondiscriminatory manner to all applicants.

(C) Only the vehicle driven by an applicant that has completed successfully an approved driver’s education course qualifies for the insurance credit required by this section. Other vehicles under the private passenger automobile insurance policy do not qualify for the insurance credit required by this section unless the named insured or principal operator of the additional vehicle has successfully completed an approved driver’s education course.

(D) The insurer must provide the driver’s education course credit upon receipt of satisfactory evidence of course completion. Nothing in this section may be construed so as to require the insurer to provide the credit for any period of time before the date of receipt of satisfactory evidence of course completion.

(E) An applicant qualifying for the insurance credit required by this section may only claim the credit for successful completion of one approved driver’s education course during any private passenger automobile insurance policy period.

(F) An approved driver’s education course taken on a voluntary basis or taken as a requirement of driver licensing qualifies for the insurance credit. Driver training courses taken as a requirement of a driving offense including, but not limited to, ADSAP or driver training courses taken to reduce the number of traffic violation points against a driver’s license, do not qualify for the insurance credit provided in this section.

(G) A schedule of rates, rate classification, or rating plan for private passenger automobile insurance must provide for an appropriate reduction in premium charges for an insured person who is a youthful operator and who qualifies as provided in this section.”

SECTION 3. Unless otherwise provided, this act takes effect upon approval by the Governor. The provisions of this act amending Section 38‑73‑736 and Section 38‑73‑737 take effect December 31, 2011.

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