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COMMITTEE REPORT

March 19, 2019

**S. 579**

Introduced by Senator Gambrell

S. Printed 3/19/19--S.

Read the first time February 27, 2019.

**THE COMMITTEE ON BANKING AND INSURANCE**

To whom was referred a Bill (S. 579) to amend Section 38‑73‑920, Code of Laws of South Carolina, 1976, relating to required rate filings for insurers, so as to provide that automobile insurance, etc., respectfully

**REPORT:**

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

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. Section 38‑73‑220(A) of the 1976 Code is amended to read:

“(A) Except as provided in subsection (B), overall average rate‑level increases or decreases, for all coverages combined, of seven percent above or below the insurer’s rates then in effect may take effect without prior approval on a file and use basis with respect to rates for private passenger automobile, fire, allied lines, and homeowner’s insurance policies. The seven percent cap does not apply on an individual insured basis.”

SECTION 2. Section 38‑73‑260(A) and (F) is amended to read:

“(A) Except as provided in subsection (B), overall average rate‑level increases or decreases, for all coverages combined, of seven percent above or below the insurer’s rates then in effect may take effect without prior approval on a file and use basis with respect to rates for private passenger automobile, fire, allied lines, and homeowner’s insurance policies. The seven percent cap does not apply on an individual insured basis.

(F)(1) Nothing in this section prevents the director or his designee from considering the impact on individual territories or individual insureds when determining whether the rate is excessive, inadequate, or unfairly discriminatory. Rate level increases or decreases falling within the limitation specified in this subsection must comply with the requirements of this chapter prohibiting rate increases from being excessive, inadequate, or unfairly discriminatory.

(2) With respect to fire, allied lines, and homeowner’s rates, the director or his designee shall specifically review all rate filings made on or after June 1, 2007, to ensure that each insurer’s rates for policies that exclude wind coverage reflect a discount commensurate with that insurer’s previously filed surcharge for policies that include wind coverage.

~~(3)~~ ~~his subsection does not apply to private passenger automobile insurance nor to insurance against liability arising out of the ownership, maintenance, or the use of:~~

~~(a)~~ ~~an individual private passenger automobile as defined in Section 38‑77‑30(5.5)(a); or~~

~~(b)~~ ~~property having wheels.~~

SECTION 3. Section 38‑73‑920 of the 1976 Code is amended to read:

“Section 38‑73‑920. An insurer may not make or issue a contract or policy except in accordance with the filings which are in effect for the insurer as provided in this chapter or in accordance with Section 38‑73‑1060. Notwithstanding Section 38‑73‑10, Section 38‑73‑220, Section 38‑73‑260, Section 38‑73‑330(2), and Section 38‑73‑430(4), filings for other property and casualty rate increases may not be approved for any insurer or rating organization for any line, subline, or otherwise identifiable property and casualty insurance coverage for which a rate increase has previously been granted within the immediately preceding twelve months. However, if satisfactory evidence is presented to the director or his designee by an insurer or rating organization that the continued use of the previously approved rates for the line, subline, or otherwise identifiable property and casualty insurance coverage may result in the insolvency of an insurer, more frequent rate increases may be approved. Rate changes proposed where the sole factor for the change is the impact of a revised assessment does not constitute a rate increase for purposes of this section. No rate increase based upon an assessment may become effective unless the assessment has been paid. This section does not apply to contracts or policies for inland marine risks as to which filings are not required.

However, a private insurer licensed to underwrite essential property insurance as defined by Section 38‑75‑310(1), notwithstanding any limitations included within this title, may file and use, pursuant to the provisions of Section 38‑73‑1095, any rates which result in insurance premium rates of ninety percent, or less, of the insurance premium rates then approved for the South Carolina Wind and Hail Underwriting Association which result in an insurance premium increase for any policyholder situated within a coastal area of South Carolina as defined by Section 38‑75‑310(5) not more than once in any six‑month period.”

SECTION 4. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

RONNIE W. CROMER for Committee.

**A** **BILL**

TO AMEND SECTION 38‑73‑920, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO REQUIRED RATE FILINGS FOR INSURERS, SO AS TO PROVIDE THAT AUTOMOBILE INSURANCE RATE INCREASES MAY NOT BE APPROVED FOR AN INSURER OR RATING ORGANIZATION WHO HAS BEEN GRANTED A RATE INCREASE IN THE PRECEDING SIX MONTHS.

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

SECTION 1. Section 38‑73‑920 of the 1976 Code is amended to read:

“Section 38‑73‑920. An insurer may not make or issue a contract or policy except in accordance with the filings which are in effect for the insurer as provided in this chapter or in accordance with Section 38‑73‑1060. Automobile insurance rate increases made pursuant to the provisions of this title may not be approved for any insurer or rating organization for coverages for which a rate increase has been previously granted within the immediately preceding six months. Notwithstanding Section 38‑73‑10, Section 38‑73‑330(2), and Section 38‑73‑430(4), filings for other property and casualty rate increases may not be approved for any insurer or rating organization for any line, subline, or otherwise identifiable property and casualty insurance coverage for which a rate increase has previously been granted within the immediately preceding twelve months. However, if satisfactory evidence is presented to the director or his designee by an insurer or rating organization that the continued use of the previously approved rates for the line, subline, or otherwise identifiable property and casualty insurance coverage may result in the insolvency of an insurer, more frequent rate increases may be approved. Rate changes proposed where the sole factor for the change is the impact of a revised assessment does not constitute a rate increase for purposes of this section. No rate increase based upon an assessment may become effective unless the assessment has been paid. This section does not apply to contracts or policies for inland marine risks as to which filings are not required.

However, a private insurer licensed to underwrite essential property insurance as defined by Section 38‑75‑310(1), notwithstanding any limitations included within this title, may file and use, pursuant to the provisions of Section 38‑73‑1095, any rates which result in insurance premium rates of ninety percent, or less, of the insurance premium rates then approved for the South Carolina Wind and Hail Underwriting Association which result in an insurance premium increase for any policyholder situated within a coastal area of South Carolina as defined by Section 38‑75‑310(5) not more than once in any six‑month period.”

SECTION 2. This act takes effect upon approval by the Governor.

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