

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1011

Short Title: Credit Ins. Premium Rates.

(Public)

Sponsors: Representatives Hensley; Beall, Church, Jack Hunt, and Mercer.

Referred to: Financial Institutions.

April 19, 1993

A BILL TO BE ENTITLED

AN ACT TO DEFINE THE PRESUMPTION OF REASONABLENESS FOR CREDIT
LIFE AND CREDIT ACCIDENT AND HEALTH INSURANCE PREMIUMS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-57-35(a) reads as rewritten:

"(a) Benefits provided by credit life and credit accident and health insurance written under this Article shall be reasonable in relation to the premium charge. This requirement is conclusively presumed to be satisfied if the premium rates to be charged are no greater than those premium rates set forth in G.S. 58-57-40 and 58-57-45 of this Article for benefits as described in those sections. If an insurer files premium rates for all or part of its business that are greater than those premium rates to which this conclusive presumption applies, the greater rates shall nevertheless be approved by the Commissioner if the insurer demonstrates that the benefits may reasonably be expected to be reasonable in relation to the premium rates filed for the group or groups of insureds to which the premium rates would be applied. In making this determination, the Commissioner shall give due consideration to the past and prospective loss experience of the group or groups of insureds to which the rates would apply, to reasonable costs and expenses attributable to the insurer and creditor making the coverage available and to other relevant factors including a fair return to the insurer and creditor. These premium rates shall be allowed to be applied only to the group or groups with respect to which the rate filing is made and approved. The amount charged to a debtor for any credit life or credit accident and health insurance shall not exceed the premiums charged by the insurer, as computed at the time the charge to the debtor is determined."

1 Sec. 2. This act is effective upon ratification.