

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

H.B. 308  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10137-NEa-48

Short Title: Reinsurance Fac. Reasonable Policy Red. Act. (Public)

Sponsors: Representatives Warren, Howard, and Moffitt (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO LIMIT CESSION OF INSURANCE PREMIUMS TO THE REINSURANCE  
3 FACILITY OVER A FIVE-YEAR PERIOD.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** G.S. 58-37-40(e) is amended by adding a new subdivision to read:

6 "(3) For insurers that cede more than seventy-five percent (75%) of their direct  
7 written motor vehicle insurance premiums in North Carolina to the Facility,  
8 the ceding expense allowance paid to such member shall not exceed twenty  
9 percent (20%) of the total North Carolina motor vehicle insurance premiums  
10 the member writes on ceded business."

11 **SECTION 1.(b)** G.S. 58-37-45 reads as rewritten:

12 "**§ 58-37-45. Procedure for cession provided in plan of ~~operation~~; limitation.**

13 Upon receipt by the company of a risk which it does not elect to retain, the company shall  
14 follow such procedures for ceding the risk as are established by the plan of operation. The plan  
15 of operation shall limit cession to the Facility to no more than ninety-five percent (95%) of any  
16 company's direct written motor vehicle insurance premiums in the State unless the company has  
17 obtained the specific approval of the Commissioner."

18 **SECTION 1.(c)** G.S. 58-37-45, as rewritten by subsection (b) of this section, reads  
19 as rewritten:

20 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**

21 Upon receipt by the company of a risk which it does not elect to retain, the company shall  
22 follow such procedures for ceding the risk as are established by the plan of operation. The plan  
23 of operation shall limit cession to the Facility to no more than ~~ninety-five percent (95%)~~ ninety  
24 percent (90%) of any company's direct written motor vehicle insurance premiums in the State  
25 unless the company has obtained the specific approval of the Commissioner."

26 **SECTION 1.(d)** G.S. 58-37-45, as rewritten by subsections (b) and (c) of this  
27 section, reads as rewritten:

28 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**

29 Upon receipt by the company of a risk which it does not elect to retain, the company shall  
30 follow such procedures for ceding the risk as are established by the plan of operation. The plan  
31 of operation shall limit cession to the Facility to no more than ~~ninety percent (90%)~~ eighty-five  
32 percent (85%) of any company's direct written motor vehicle insurance premiums in the State  
33 unless the company has obtained the specific approval of the Commissioner."

34 **SECTION 1.(e)** G.S. 58-37-45, as rewritten by subsections (b), (c), and (d) of this  
35 section, reads as rewritten:

36 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**



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1 Upon receipt by the company of a risk which it does not elect to retain, the company shall  
2 follow such procedures for ceding the risk as are established by the plan of operation. The plan  
3 of operation shall limit cession to the Facility to no more than ~~eighty-five percent (85%)~~  
4 eighty percent (80%) of any company's direct written motor vehicle insurance premiums in the State  
5 unless the company has obtained the specific approval of the Commissioner."

6 **SECTION 1.(f)** G.S. 58-37-45, as rewritten by subsections (b), (c), (d), and (e) of  
7 this section, reads as rewritten:

8 "**§ 58-37-45. Procedure for cession provided in plan of operation; limitation.**

9 Upon receipt by the company of a risk which it does not elect to retain, the company shall  
10 follow such procedures for ceding the risk as are established by the plan of operation. The plan  
11 of operation shall limit cession to the Facility to no more than ~~eighty percent (80%)~~  
12 seventy-five percent (75%) of any company's direct written motor vehicle insurance premiums in the State  
13 unless the company has obtained the specific approval of the Commissioner."

14 **SECTION 2.** There is appropriated from the General Fund to the North Carolina  
15 Rate Bureau the sum of five thousand dollars (\$5,000) for the 2021-2022 fiscal year to support  
16 costs associated with notifying insurers in this State who will be affected by this act.

17 **SECTION 3.** Sections 1(a) and 1(f) of this act become effective January 1, 2026.  
18 Section 1(e) of this act becomes effective January 1, 2025. Section 1(d) of this act becomes  
19 effective January 1, 2024. Section 1(c) of this act becomes effective January 1, 2023. Section  
20 1(b) of this act becomes effective January 1, 2022. Section 2 of this act becomes effective July  
21 1, 2021.