

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL DRS45254-MC-109

Short Title: Modify Insurance Coverage/Deficit Provisions. (Public)

Sponsors: Senator Johnson (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY MEANS OF FINANCING DEFICIT EVENTS.

3 The General Assembly of North Carolina enacts:

4 SECTION 1. G.S. 58-45-47 reads as rewritten:

5 "§ 58-45-47. Deficit event.

6 ...
7 (c) Upon a determination by the Association that a deficit event has occurred, the
8 Association shall determine, in its discretion, the appropriate means of financing the deficit,
9 which may include, but is not limited to, the purchase of reinsurance, arranging lines of credit,
10 issuance of post-event catastrophe bonds subject to Chapter 142 of the General Statutes, or other
11 forms of borrowing or financing. If the Association determines that the member companies have
12 paid one billion dollars (\$1,000,000,000) in nonrecoupable assessments for losses and expenses
13 incurred in any given year pursuant to subsection (a) of this section, the Association may, subject
14 to the verification by the Commissioner that the dollar value of losses and expenses has reached
15 the level necessary for a catastrophe recovery charge, authorize member companies to impose a
16 catastrophe recovery charge on their residential and commercial property insurance
17 policyholders statewide. Catastrophe recovery charges shall be charged as a uniform percentage
18 of written premiums as prescribed by the Commissioner and shall not exceed an aggregate
19 amount of ten percent (10%) of the annual policy premium on any one policy of insurance.
20 Catastrophe recovery charges collected under this section shall be transferred directly to the
21 Association on a periodic basis as determined by the Association and ordered by the
22 Commissioner. The Association and the FAIR Plan also shall charge their policyholders a
23 catastrophe recovery charge as provided in this section.

24"

25 SECTION 2. This act becomes effective October 1, 2023, and applies to contracts
26 issued, amended, or renewed on or after that date.

