



North Carolina General Assembly
House of Representatives

HOUSE OVERSIGHT AND REFORM COMMITTEE

REPRESENTATIVE JAKE JOHNSON, CO-CHAIR
DISTRICT 113

REPRESENTATIVE HARRY WARREN, CO-CHAIR
DISTRICT 76

October 24, 2023

Mike Causey
NC Department of Insurance
1201 Mail Service Center
Raleigh NC 27699-1201

Dear Commissioner Causey:

The House Oversight and Reform Committee commissioned former Western Carolina University economics professor Jonathan Murphy to conduct a study of North Carolina's auto insurance regulations and reinsurance market.

Dr. Murphy looked to South Carolina's 1997–2003 reforms as an example of how North Carolina could reform its pricing regulations and reinsurance market. As you can see in the attached report, he found that a handful of reforms could slow the growth in premiums, reduce the number of drivers in the Reinsurance Facility, and even reduce premiums for many drivers. Please provide your written response to this paper and its findings by November 8, 2023. This would be in advance of a hearing the following month.

Pursuant to N.C. Gen. Stat. §120-14, the House Oversight and Reform Committee requests your appearance to testify on December 11, 2023, from 1:00 pm until the conclusion of the hearing in the Legislative Building Auditorium.

At the hearing, please be prepared to address the following topics.

- History of rate regulation and Reinsurance Facility for commercial and private vehicles
- Premium impact of Reinsurance Facility on total insurance cost, including surcharges and other fees
- Anomalies in North Carolina's insurance market, such as companies that only serve the reinsurance facility and the large share of drivers in the reinsurance facility
- Factors that lead to variation in insurance premiums across states
- Other regulatory needs for the Department of Insurance

Please read this letter carefully to ensure that you comply with all hearing requirements and that you understand your rights as a witness.

Each witness who is to appear before the House Oversight and Reform Committee must file with the Committee Clerk a written statement of proposed testimony. This must be filed by 12:00 noon one week before your appearance. Failure to comply with this requirement may result in the exclusion of your written testimony from the hearing record, the barring of your oral presentation of the testimony, or both. Responses to questions at the hearing should be limited to no more than five minutes per response.

Witnesses appearing before the Committee must include with their written testimony, a current resume summarizing education, experience, and affiliations pertinent to the subject matter of the hearing.

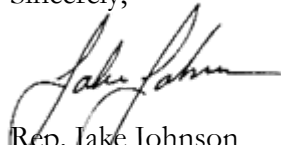
Witnesses at hearings may be accompanied by their own counsel to advise them concerning their constitutional rights but accompanying counsel shall not directly respond to questions. We reserve the right to place any witness under oath. Finally, witnesses may obtain a transcript copy of their testimony given in open, public session, or in a closed session only when authorized by the Committee.

To fully prepare for this hearing, your testimony must be submitted electronically in Microsoft Word (docx) or Adobe Acrobat (pdf) format to Megan.Kluttz@ncleg.gov no later than Monday, December 4 at 12:00 noon.

Accommodations for individuals with disabilities, including assistive listening systems, interpreters, and materials in alternate formats, may be arranged by contacting the Committee Clerk in advance of the hearing.

Should you or your staff have any questions or need additional information, please contact Megan Kluttz at (919)-715-4466 or Megan.Kluttz@ncleg.gov.

Sincerely,



Rep. Jake Johnson
Co-Chair



Rep. Harry Warren
Co-Chair