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Indicates New Matter

COMMITTEE REPORT

May 5, 2009

**S. 741**

Introduced by Senator McConnell

S. Printed 5/5/09--S.

Read the first time April 22, 2009.

**THE COMMITTEE ON BANKING AND INSURANCE**

To whom was referred a Bill (S. 741) to amend Section 38‑73‑910, Code of Laws of South Carolina, 1976, relating to notice of a hearing as a prerequisite to granting of a rate increase, etc., respectfully

**REPORT:**

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

DAVID L. THOMAS for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

**EXPLANATION OF IMPACT:**

Department of Insurance

The actual impact on the department will depend on the number of rate decreases approved and the number of hearings requested. Although the department does not anticipate the need for additional full time staff the impact on expenditures can be estimated at $75,000 annually in state general funds. These costs include publishing notices of hearings in newspapers of general, statewide circulation; and hiring an outside actuary to analyze the rate filing and testify on the filing in the case of a hearing.

Workers' Compensation Commission & Administrative Law Court

Both agencies report this bill will have no impact on the General Fund of the State or on federal and/or other funds.

*Approved By:*

Harry Bell

Office of State Budget

**A** **BILL**

TO AMEND SECTION 38‑73‑910, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO NOTICE OF A HEARING AS A PREREQUISITE TO GRANTING OF A RATE INCREASE, SO AS TO PROVIDE THAT A HEARING MUST BE HELD AS A PREREQUISITE TO GRANTING ANY RATE CHANGE, WHETHER AN INCREASE OR A DECREASE.

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

SECTION 1. Subsection (A) of Section 38-73-910 of the 1976 Code is amended to read:

“(A) ~~An increase~~ A change in the premium rates may not be granted for workers’ compensation insurance, nor for any other line or type of insurance with respect to which the director or his designee has, by order, made a finding that (a) legal or other compulsion upon the part of the insured to purchase the insurance interferes with competition, or (b) under prevailing circumstances there does not exist substantial competition, unless notice is given in all newspapers of general, statewide circulation at least thirty days in advance of the insurer’s proposed effective date of the ~~increase~~ change in premium rates. The notice must state the amount of ~~increase~~ the change, the type and line of coverage, and the proposed effective date and must allow any insured or affected party to request within fifteen days a public hearing upon the propriety of the rate ~~increase~~ change request before the Administrative Law Judge Division. A copy of the notice must be sent to the Consumer Advocate.

However, the requirements of public notices and public hearings in this section do not apply to applications for rate ~~increases~~ changes when the applicant insurer had earned premiums in this State in the previous calendar year of less than two million dollars for the line or type of insurance for which the rate ~~increase~~ change is sought or, if the rate ~~increase~~ change is sought by a modeling organization, the earned premiums in this State for all members and subscribers of the organization for whom ~~an increase~~ a change is sought were less than two million dollars for the previous calendar year for the line or type of insurance for which the rate ~~increase~~ change is sought. The two million dollars must be increased by a factor equal to the increase in the consumer price index, all items, every three years.”

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

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