

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021**

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**SENATE BILL 587**

Short Title: Curb Underwriting Abuses. (Public)

Sponsors: Senator Johnson (Primary Sponsor).

Referred to: Rules and Operations of the Senate

April 7, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE PROTECTION FOR PROPERTY AND CASUALTY  
3 POLICYHOLDERS FROM CERTAIN UNDERWRITING ABUSES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Definition. – As used in this act, "residential property and casualty  
6 insurance" shall mean insurance against loss to residential real property with not more than four  
7 housing units located in this State or any contents thereof or valuable interest therein and other  
8 insurance coverages written in connection with the sale of such property insurance.

9 **SECTION 2.** Measures for Combatting Underwriting Abuse. – Until the effective  
10 date of the permanent rules that the Commissioner of Insurance is required to adopt pursuant to  
11 Section 4 of this act, the Commissioner shall implement the measures for combatting  
12 underwriting abuse set forth in Section 3 of this act.

13 **SECTION 3.** Implementation. – Insurers writing residential property and casualty  
14 insurance policies in this State shall comply with the following requirements:

- 15 (1) With respect to new business, the insurer shall take no more than 90 days from  
16 the effective date of the policy to make any underwriting investigation other  
17 than review of the initial application and to bill the insured for proper rating  
18 and classification. The insurer shall not deny a claim based on underwriting a  
19 risk after the effective date of the policy and the presentment of a claim.  
20 (2) With respect to renewal business, an insurer shall not bill for any additional  
21 premium after the renewal quotation is made (for any condition which existed  
22 at the time of renewal).

23 **SECTION 4.** Rule Adoption. – The Commissioner of Insurance shall adopt  
24 permanent rules applicable to insurers writing residential property and casualty insurance policies  
25 in this State consistent with Section 3 of this act. Notwithstanding G.S. 150B-19(4), the rules  
26 adopted by the Council, pursuant to this section, shall be substantively identical to the provisions  
27 of Section 3 of this act.

28 **SECTION 5.** Effective Date and Sunset. – This act becomes effective October 1,  
29 2021, and expires when permanent rules adopted as required by Section 4 of this act become  
30 effective.

