



BROWN BILL BOOSTS INSURANCE REFORM MOMENTUM

by Patricia E. Matson

The tide continues to rise for state property insurance reform. Senate Majority Leader Harry Brown, R-Jones and Onslow, has put forth a bill to establish a joint legislative commission to study rate-making for property insurance, joining related bills sponsored by local legislators.

Senate Bill 716, which was sent to committee on April 20, was co-sponsored by Thom Goolsby, R-New Hanover; Sen. Jean Preston, R-Carteret, Craven and Pamlico, Caucus Liaison; and Sen. Bill Rabon, R-Brunswick, Columbus and Pender.

Goolsby himself filed a bill in March, co-sponsored by Brown, to create a citizens' property insurance board to review rates and investigate complaints. Currently, the N.C. Rate Commission, which represents insurance companies, negotiates on rates with the state Department of Insurance, generally without any citizen input.

"We are trying to do all we can to make property insurance rates fair," Goolsby stated Tuesday. "I support Harry's efforts and I know that we are fighting for the same thing!"

Brown's bill includes the possibility of a voice for citizens and policyholders in rate appeals, although it is much less detailed than Goolsby's bill. But Brown's bill is broader in that it could eventually result in an overhaul of the whole rate-making process in North Carolina.

Kathleen Riely, director of legislative affairs for the Wilmington Regional Association of Realtors, speculated that if Brown's bill were enacted, the commission it created might end up studying Goolsby's bill to evaluate its feasibility for implementation.

In Brown's bill, the joint commission would include the Commissioner of Insurance, an N.C. Rate Bureau representative, an N.C. Insurance Underwriting association representative, three appointees from the governor, four appointees from the Speaker of the House, and four appointees from the President Pro Tempore of the Senate. It would be co-chaired by House and Senate appointees.

The commission would have the power to request data and documents and subpoena witnesses. It would study the advisability of replacing the rate bureau with a market-based system or a regulatory body similar to the state utilities commission; the adequacy of legislative oversight over the rate bureau, the N.C. Joint Underwriting Association and the N.C. Insurance Underwriting Association; the insurance commissioner's duties regarding protection the public against excessive or discriminatory rates; possibly creating a citizens' advocacy board; the rate review process; the adequacy of information provided to the public; and any related matters.

In the House, Reps. Susi Hamilton, D-New Hanover, and Carolyn Justice, R-New Hanover and Pender, were two of the primary sponsors for a bill to examine the possibility of replacing the Beach Plan insuring coastal properties with a statewide catastrophic plan pooling risks from all natural disasters. Wind insurance rates are about five times higher in New Hanover County than in western parts of North Carolina, despite stronger coastal building codes and statistics showing hurricanes often hit inland parts of the state as do tornadoes.

TERMINAL GROIN LEGISLATION UPDATE

[Senate Bill 110, \(Permit Terminal Groins\)](#), sponsored by **Reps. Harry Brown (R-Jones), Thom Goolsby (R-New Hanover) and Bill Rabon (R-Brunswick)**, received final approval from the NC House this week and will allow the construction of up to three jetties along the state's coast to control erosion. The bill was returned to the Senate, which approved a version of the legislation that places no limits on the number of projects, on Thursday. The Senate voted not to concur to the House version and a Conference Committee will be appointed to hammer out the details.

CAMA SETBACK REQUIREMENTS/GRANDFATHER

A Committee Substitute for [House Bill 819 \(CAMA Setback Requirements/Grandfather\)](#), sponsored by **Rep. Pat McElraft (R-Carteret)**, passed the NC House on Thursday and will now go to the Senate. The bill amends laws relating to ocean setbacks to provide that single family and duplexes greater than 5,000 square-feet constructed prior to August 11, 2009, shall have a minimum setback of 60 feet or 30 times the shoreline erosion rate, whichever is greater, for development permits issued to repair or reconstruct such property in order to protect property rights of owners. Under the rules adopted in 2009 if an existing home consisting of more than 5,000 square feet was destroyed, the property owner was not allowed to replace the structure. This was preventing people from being able to obtain insurance on their property.

ANNEXATION

The House Rules Committee gave its OK to legislation that would put new restrictions on involuntary annexations, but not impose a moratorium like an earlier bill approved by the Senate. The bill -- a compromise between annexation law supporters and opponents -- would require cities and towns to provide police and fire protection, garbage pickup, and street maintenance immediately upon annexing an area. Water and sewer service would have to be provided within three and a half years, and municipalities couldn't charge for hook-ups for those services. Residents could stop an annexation if 60 percent of property owners in the proposed annexation area signed a petition. Rep. Bill Owens, D-Pasquotank, said the bill probably wouldn't satisfy supporters or opponents, meaning it is a good compromise. "The cities are going to have to do a lot more than they've done in the past," Owens said. But Rep. Bill Faison, D-Orange, questioned why the legislation didn't include a provision requiring a residents' referendum in order for an annexation to be approved. (THE INSIDER, 5/03/11).