

## Session 117 - (2007-2008)

**H\*3820 (Rat #0142, Act #0078 of 2007) General Bill, By Cato, Viers, Clemmons, Bales, Hardwick, Miller, Haley, Perry, Leach, Anderson, Witherspoon, Barfield, Battle, Dantzler, Edge, Herbkersman and Hodges**

**Similar (S 0711)**

**Summary:** Omnibus Coastal Property Insurance Reform Act of 2007

AN ACT TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ENACTING THE "OMNIBUS COASTAL PROPERTY INSURANCE REFORM ACT OF 2007"; BY ADDING ARTICLE 11 TO CHAPTER 6, TITLE 12 SO AS TO ALLOW AN INSURANCE POLICYHOLDER TO ESTABLISH A CATASTROPHE SAVINGS ACCOUNT, TO DEFINE QUALIFIED CATASTROPHE SAVINGS EXPENSES AND QUALIFIED DEDUCTIBLE, AND TO ALLOW A TAXPAYER TO CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR DEPOSITS MADE INTO A CATASTROPHE SAVINGS ACCOUNT; BY ADDING SECTION 12-6-3660 SO AS TO ALLOW A TAXPAYER TO CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR COSTS INCURRED TO RETROFIT A LEGAL RESIDENCE TO MAKE IT MORE RESISTANT TO LOSS DUE TO HURRICANE, RISING WATER, OR OTHER CATASTROPHIC WINDSTORM EVENT; BY ADDING SECTION 12-6-3665 SO AS TO PROVIDE FOR THE CALCULATION OF THE TAX CREDIT ALLOWED BY SECTION 12-6-3660; BY ADDING SECTION 12-6-3670 SO AS TO ALLOW A TAXPAYER TO CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR EXCESS PREMIUM PAID FOR PROPERTY AND CASUALTY INSURANCE UNDER CERTAIN CIRCUMSTANCES; TO DESIGNATE SECTIONS 38-3-10 THROUGH 38-3-240 AS ARTICLE 1, CHAPTER 3, TITLE 38 AND ENTITLED "GENERAL PROVISIONS"; BY ADDING ARTICLE 3 TO CHAPTER 3, TITLE 38 SO AS TO PROVIDE THAT THE DIRECTOR OF THE DEPARTMENT OF INSURANCE HAS AUTHORITY TO ISSUE EMERGENCY REGULATIONS APPLICABLE TO ALL INSURANCE COMPANIES AFTER THE GOVERNOR DECLARES A STATE OF EMERGENCY, TO PROVIDE THAT THE DEPARTMENT BY REGULATION MAY ADOPT ANY PROCEDURE THAT FACILITATES RECOVERY FROM THE EMERGENCY, TO PROVIDE THAT THE DEPARTMENT SHALL ADOPT REGULATIONS STANDARDIZING REQUIREMENTS THAT MAY BE APPLIED TO INSURERS AFTER A HURRICANE, ADDRESSING CLAIMS REPORTING REQUIREMENTS, GRACE PERIODS FOR PAYMENT OF PREMIUMS, TEMPORARY POSTPONEMENT OF CANCELLATIONS AND NONRENEWABLE, AND ANY OTHER REGULATION THE DIRECTOR CONSIDERS NECESSARY TO IMPLEMENT THE PROVISIONS OF ARTICLE 3, CHAPTER 3, TITLE 38; BY ADDING SECTION 38-7-200 SO AS TO ALLOW TAX CREDIT INCENTIVES TO INSURANCE COMPANIES THAT PROVIDE FULL INSURANCE COVERAGE TO PROPERTY OWNERS ALONG THE COAST OF SOUTH CAROLINA, SPECIFYING THE AMOUNT OF THE CREDIT, AND ALLOWING UNUSED CREDITS TO BE APPLIED IN SUCCEEDING TAXABLE YEARS UNDER CERTAIN CIRCUMSTANCES; BY ADDING SECTION 38-75-755 SO AS TO REQUIRE INSURERS TO DISCLOSE ALL AVAILABLE DISCOUNTS TO THE INSURED; TO AMEND SECTION 38-3-110, RELATING TO THE DUTIES OF THE CHIEF INSURANCE COMMISSIONER, SO AS TO REQUIRE THE DIRECTOR TO HOLD A PUBLIC HEARING AT LEAST ANNUALLY TO PROVIDE THE PUBLIC WITH INFORMATION AND AN OPPORTUNITY TO DISCUSS AND OFFER INPUT CONCERNING THE RATES, TERRITORY, AND OTHER PERTINENT ISSUES REGARDING THE SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION; TO AMEND SECTION 38-73-260, AS AMENDED, SO AS TO CLARIFY THAT RATES FALLING WITHIN THE LIMITATION REMAIN SUBJECT TO THE PROHIBITION AGAINST RATES NOT BEING EXCESSIVE, INADEQUATE, OR UNFAIRLY DISCRIMINATORY, THAT THE DEPARTMENT MAY CONSIDER THE RATE IMPACT ON INDIVIDUALS AND TERRITORIES WHEN DETERMINING WHETHER A RATE IS EXCESSIVE, INADEQUATE, OR UNFAIRLY DISCRIMINATORY, AND TO PROVIDE EXCEPTIONS; TO AMEND SECTION 38-73-1095, RELATING TO ESSENTIAL PROPERTY INSURANCE AND RATING PLAN FACTORS, SO AS TO PROVIDE CREDITS AND DISCOUNTS OR SURCHARGES AND DEBITS CALCULATED ON CERTAIN RATING FACTORS FOR RETROFITTING PROPERTY; TO AMEND ARTICLE 5, CHAPTER 75, TITLE 38, RELATING TO WIND AND HAIL INSURANCE, SO AS TO CLARIFY CERTAIN DEFINITIONS RELATING TO ELIGIBILITY FOR COVERAGE BY THE SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION, TO CLARIFY THE PURPOSE OF ARTICLE 5, TO CLARIFY THAT THE SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION SHALL PROVIDE WIND AND HAIL INSURANCE FOR RESIDENTIAL AND COMMERCIAL PROPERTY TO APPLICANTS UNABLE TO PROCURE IT IN THE COASTAL AREAS OF THIS STATE, TO PROVIDE INFORMATION THAT MUST BE ADDRESSED IN THE PLAN OF OPERATION, TO MAKE TECHNICAL CHANGES, TO PROVIDE FOR ADDITIONAL GENERAL CORPORATE POWERS AND DUTIES FOR THE SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION, TO PROVIDE THAT RATES CHARGED BY THE SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION BE ESTABLISHED AT A SELF-SUSTAINING LEVEL, TO PROVIDE OBJECTIVE STANDARDS FOR EXPANDING THE TERRITORY COVERED BY THE SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION; TO AMEND ARTICLE 8, CHAPTER 75, TITLE 38, RELATING TO THE ADVISORY COMMITTEE TO THE DIRECTOR AND THE SOUTH CAROLINA BUILDING CODES

COUNCIL AND LOSS MITIGATION GRANT PROGRAM, SO AS TO MODIFY THE MEMBERSHIP OF THE ADVISORY COMMITTEE AND TO CLARIFY THAT THE CONTINUED EXISTENCE OF THE PROGRAM IS SUBJECT TO ANNUAL LEGISLATIVE APPROPRIATIONS, TO CLARIFY THAT THE PURPOSE IS TO PROVIDE FOR ONGOING TRAINING FOR INSPECTORS AND FOR OTHER PURPOSES CONSISTENT WITH THE ARTICLE, TO ESTABLISH THE "SOUTH CAROLINA HURRICANE GRANT DAMAGE MITIGATION PROGRAM" WHICH PROVIDES FOR A GRANT PROGRAM FOR THE MITIGATION OF DAMAGE TO OR THE ENHANCEMENT OF MANUFACTURED HOMES, TO PROVIDE FOR MATCHING GRANTS TO ENCOURAGE SINGLE-FAMILY SITE-BUILT HOMES TO RETROFIT TO REDUCE THE STRUCTURE'S VULNERABILITY TO A HURRICANE, TO PROVIDE MATCHING GRANT FUNDS TO LOCAL GOVERNMENTS FOR PROJECTS THAT REDUCE HURRICANE DAMAGE TO SINGLE-FAMILY SITE-BUILT RESIDENTIAL PROPERTY, TO PROVIDE THAT IN ADDITION TO STATE APPROPRIATIONS AND OTHER POTENTIAL GRANT FUNDS, THE PREMIUM TAXES PAID BY THE SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION AND ONE PERCENT OF THE COMMISSIONS PAID TO PRODUCERS MUST BE USED TO FUND THIS PROGRAM ANNUALLY, AND TO REQUIRE A STUDY AND PROPOSAL TO DEVELOP AN OBJECTIVE RATING SYSTEM THAT WILL ALLOW HOMEOWNERS TO EVALUATE THE RELATIVE ABILITY TO COASTAL PROPERTIES TO WITHSTAND THE WIND LOAD FROM A HURRICANE; TO AMEND SECTION 38-75-1140, RELATING TO THE EVALUATION OF NATURAL HAZARD CATASTROPHE MODELS AND REQUIREMENTS FOR MODELING ORGANIZATIONS, SO AS TO REQUIRE MODELERS TO PROVIDE THE DEPARTMENT WITH A LIST OF VARIABLES THAT ARE SUBJECT TO INSURER INPUT WITH THEIR FILING AND TO PROVIDE THAT THE DEPARTMENT MAY IMPOSE A FEE ON MODELERS AND INSURERS TO RECOVER THE COSTS OF EVALUATING HURRICANE MODELS; TO AMEND SECTION 38-75-730, RELATING TO THE RENEWAL OF AN INSURANCE POLICY, SO AS TO PROVIDE THAT A POLICY MAY NOT BE CANCELLED BECAUSE OF SUBSTANTIAL CHANGE OR RISK ASSUMED BY THE INSURER WHICH IS BASED ON CHANGES IN CLIMATIC CONDITIONS, BASED ON STATISTICAL DATA RELATIVE TO SOUTH CAROLINA THAT HAS BEEN APPROVED BY THE DIRECTOR OR HIS DESIGNEE AS A BASIS FOR SUBSTANTIAL CHANGE IN THE RISK ASSUMED; TO AMEND SECTION 38-75-740, RELATING TO THE NONRENEWAL BY AN INSURER OF A POLICY, SO AS TO MAKE THIS PROVISION CONSISTENT WITH THE PROVISIONS OF SECTION 38-75-730; TO AMEND SECTION 38-75-1160, RELATING TO NOTICE REQUIREMENTS AND EXCEPTIONS BEFORE CANCELLATION OR REFUSAL TO RENEW A POLICY OF INSURANCE, SO AS TO INCREASE THE TIME PERIOD FOR NOTIFYING AN INSURED OF THE CANCELLATION OR REFUSAL TO RENEW A POLICY OF INSURANCE, ADD OTHER PROVISIONS WHICH MUST BE INCLUDED IN THE NOTICE, AND PROVIDE OTHER EXCEPTIONS TO THIS PROVISION; BY ADDING ARTICLE 5 TO CHAPTER 90, TITLE 38 SO AS TO ENACT THE "SOUTH CAROLINA COASTAL CAPTIVE INSURANCE ACT OF 2007", TO PROVIDE FOR THE MANNER IN WHICH A SOUTH CAROLINA COASTAL CAPTIVE INSURANCE COMPANY MAY BE FORMED, LICENSED, AND REGULATED, TO DEFINE AND TO LIMIT THE TYPES OF RISK A SOUTH CAROLINA COASTAL CAPTIVE INSURANCE COMPANY MAY UNDERWRITE, TO ESTABLISH MINIMUM CAPITALIZATION REQUIREMENTS FOR SOUTH CAROLINA COASTAL CAPTIVE INSURANCE COMPANIES, AND TO PERMIT THE DIRECTOR OF THE DEPARTMENT OF INSURANCE TO SET ADDITIONAL DISCRETIONARY CAPITALIZATION REQUIREMENTS NECESSARY TO PROTECT THE PUBLIC, AND TO PROVIDE FOR CERTAIN REQUIRED DISCLOSURES TO CONSUMERS IN ALL APPLICATIONS FOR INSURANCE AND POLICIES. - ratified title

|                 |               |   |
|-----------------|---------------|---|
| <b>03/29/07</b> | <b>House</b>  | <b>Introduced and read first time HJ-18</b>   |
| <b>03/29/07</b> | <b>House</b>  | <b>Referred to Committee on Labor, Commerce and Industry HJ-21</b>                  |
| <b>05/02/07</b> | <b>House</b>  | <b>Committee report: Favorable with amendment Labor, Commerce and Industry HJ-5</b> |
| <b>05/04/07</b> |               | <b>Scrivener's error corrected</b>  |
| <b>05/08/07</b> | <b>House</b>  | <b>Member(s) request name added as sponsor: Hodges</b>                              |
| <b>05/08/07</b> | <b>House</b>  | <b>Amended HJ-20</b>  |
| <b>05/08/07</b> | <b>House</b>  | <b>Read second time HJ-46</b>   |
| <b>05/09/07</b> | <b>House</b>  | <b>Read third time and sent to Senate HJ-23</b>                                     |
| <b>05/15/07</b> | <b>Senate</b> | <b>Introduced and read first time SJ-9</b>  |
| <b>05/15/07</b> | <b>Senate</b> | <b>Referred to Committee on Banking and Insurance SJ-9</b>                          |
| <b>05/24/07</b> | <b>Senate</b> | <b>Committee report: Favorable with amendment Banking and Insurance SJ-24</b>       |
| <b>05/29/07</b> |               | <b>Scrivener's error corrected</b>  |
| <b>05/31/07</b> | <b>Senate</b> | <b>Committee Amendment Adopted SJ-26</b>  |
| <b>05/31/07</b> | <b>Senate</b> | <b>Amended SJ-26</b>  |
| <b>05/31/07</b> | <b>Senate</b> | <b>Read second time SJ-26</b>   |
| <b>05/31/07</b> | <b>Senate</b> | <b>Unanimous consent for third reading on next legislative day SJ-26</b>            |

|          |        |  |
|----------|--------|--|
| 06/01/07 | Senate | Read third time and returned to House with amendments SJ-2 |
| 06/06/07 | House  | Concurred in Senate amendment and enrolled HJ-28           |
| 06/06/07 |        | Scrivener's error corrected                                |
| 06/07/07 |        | Ratified R 142   |
| 06/11/07 |        | Signed By Governor   |
| 06/18/07 |        | Copies available   |
| 06/18/07 |        | Effective date See Act for Effective Date                  |
| 06/18/07 |        | Act No. 78   |