

The Senate Insurance and Labor Committee offered the following substitute to HB 425:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 33 of the Official Code of Georgia Annotated, relating to insurance, so as to
2 permit insurers to provide food or refreshments under certain circumstances to current or
3 prospective clients during sales presentations and seminars provided that no insurance or
4 annuity applications or contracts are offered or accepted at such presentations or seminars;
5 to provide that certain rates with regard to certain property and casualty insurance may go
6 into effect without the necessity of approval by the Commissioner of Insurance; to provide
7 for procedures for such filings; to provide for notice and hearing in the case of filings that
8 are not in compliance; to provide for other filings; to provide for the contents of filings; to
9 provide for related matters; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

11 Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended by
12 striking subparagraph (b)(8)(C) of Code Section 33-6-4, relating to unfair methods of
13 competition and unfair or deceptive acts or practices, and inserting in lieu thereof a new
14 subparagraph (b)(8)(C) to read as follows:

15 "(C) Nothing in subparagraphs (A) and (B) of this paragraph shall be construed as
16 including within the definition of discrimination or rebates any of the following
17 practices:
18

19 (i) In the case of any contract of life insurance or life annuity, paying bonuses to
20 policyholders or otherwise abating their premiums in whole or in part out of surplus
21 accumulated from nonparticipating insurance, provided that any bonuses or abatement
22 of premiums shall be fair and equitable to policyholders and for the best interest of
23 the company and its policyholders;

24 (ii) In the case of life or accident and sickness insurance policies issued on the
25 industrial debit or weekly premium plan, making allowance in an amount which fairly

1 represents the saving in collection expense to policyholders who have continuously
 2 for a specified period made premium payments directly to an office of the insurer;
 3 (iii) Making a readjustment of the rate of premium for a policy based on the loss or
 4 expense experienced at the end of the first or any subsequent policy year of insurance
 5 thereunder, which adjustment may be made retroactive only for the policy year;
 6 (iv) Issuing life or accident and sickness insurance policies covering bona fide
 7 employees of the insurer at a rate less than the rate charged other persons in the same
 8 class;
 9 (v) Issuing life or accident and sickness policies on a salary-saving, payroll
 10 deduction, preauthorized, postdated, automatic check, or draft plan at a reduced rate
 11 commensurate with the savings made by the use of such plan;
 12 (vi) Paying commissions or other compensation to duly licensed agents or brokers
 13 or allowing or returning dividends, savings, or unabsorbed premium deposits to
 14 participating policyholders, members, or subscribers;
 15 (vii) Paying by an insurance agent of part or all of the commissions on public
 16 insurance to a nonprofit association of insurance agents which is affiliated with a
 17 recognized state or national insurance agents' association, which commissions are to
 18 be used in whole or in part for one or more civic enterprises; or
 19 (viii) Paying for food or refreshments by an insurer or an agent, broker, or employee
 20 of an insurer for current or prospective clients during sales presentations and seminars
 21 provided that no insurance or annuity applications or contracts are offered or accepted
 22 at such presentations or seminars;".

23 SECTION 2.

24 Said title is further amended by adding a new subsection (h) to Code Section 33-9-21,
 25 relating to maintenance and filing rates, rating plans, rating systems, or underwriting rules,
 26 to read as follows:

27 "(h)(1) This subsection shall apply to all personal lines of property and casualty
 28 insurance. This subsection shall not apply to advisory organizations or to any impaired
 29 or insolvent insurer operating under a rehabilitation plan, an order of supervision, or an
 30 impaired financial condition as determined by the Commissioner.

31 (2) Notwithstanding the requirements of subsections (b) and (d) of this Code section, a
 32 rate, rating plan, rating system, or underwriting rule submission by an insurer may
 33 become effective upon filing, unless a future effective date is specified, if the rate, rating
 34 plan, rating system, or underwriting rule filing individually or in combination with any
 35 other rate, rating plan, rating system, or underwriting rule filing effective within the last
 36 12 months submitted by, or on behalf of, the insurer provides for an overall state-wide

1 average rate level increase or decrease of not greater than 6 percent. The rate level
 2 change for any individual insured may not be increased or decreased by more than 9.99
 3 percent.

4 (3) A filing submitted pursuant to paragraph (2) of this subsection shall be considered
 5 to comply with state law. However, if, within 45 days following receipt of the filing, the
 6 Commissioner determines that it does not meet the requirements of this title in that such
 7 filing is unfairly discriminatory, is not actuarially supported, is based upon fictitious
 8 groupings, is inadequate, or is excessive, the Commissioner shall notify each insurer that
 9 made the filing of the specific reason or reasons that the Commissioner has determined
 10 that such filing does not meet the requirements of this title. Such insurers may, not more
 11 than ten days after receipt of such notice from the Commissioner, petition the
 12 Commissioner for a hearing on such determination. Such hearing shall be held under the
 13 provisions of Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act,' and
 14 shall be conducted by the Office of State Administrative Hearings. Such hearing shall
 15 be held within 30 days after such petition is received by the department unless such time
 16 period is extended by agreement of all parties. The Commissioner shall give adequate
 17 notice of the time and place of such hearing. At such hearing, the burden shall be on the
 18 Commissioner to demonstrate why such filing does not meet the requirements of this title.
 19 If, upon the conclusion of such hearing, the determination by the Commissioner is
 20 upheld, the order shall state a reasonable future date on which the filing is to be
 21 considered no longer effective. An order by the Commissioner pursuant to this paragraph
 22 shall be prospective and shall not affect any contract issued or made before the effective
 23 date of the order, except that, in any final disposition made within 45 days following the
 24 receipt of the filing, the Commissioner may enter an order specifying the rate filing to be
 25 used by the insurer and the manner in which refunds are to be made, if appropriate. The
 26 aggrieved party to the hearing shall have a right of appeal to the Superior Court of Fulton
 27 County in accordance with Chapter 13 of Title 50.

28 (4) An insurer's rate level increase or decrease filing falling outside of the limitation
 29 provided in paragraph (2) of this subsection shall be subject to review as provided in this
 30 Code section.

31 (5) Any insurer that files a change in rates shall provide each of its insureds with at least
 32 45 days' notice of such new rates in the manner provided in Chapter 24 of this title prior
 33 to the termination of the insured's policy period then in effect."

34 **SECTION 3.**

35 Said title is further amended by adding a new subsection (e) to Code Section 33-9-36,
 36 relating to unauthorized premiums and unauthorized inducements, to read as follows:

