

Senate Bill 505

By: Senators Parkes of the 7th, Merritt of the 9th, Jackson of the 41st, Orrock of the 36th,  
Parent of the 44th and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 9 of Title 33 of the Official Code of Georgia Annotated, relating to  
2 regulation of rates, underwriting rules, and related organizations, so as to require that private  
3 passenger motor vehicle and residential property insurance premium rates must be approved  
4 by the Commissioner prior to use; to provide for certain standards; to provide for certain  
5 information to be included in rate filings; to provide for definitions; to provide for  
6 considerations; to provide for classifications; to prohibit certain practices; to provide for risk  
7 classifications and modifications; to provide for construction; to provide for certain public  
8 disclosures; to provide for public hearings in certain circumstances; to provide for related  
9 matters; to provide for a short title; to provide for an effective date and applicability; to  
10 repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

13 This Act shall be known and may be cited as the "Georgia Prior Approval for Consumer  
14 Insurance Rates Act."

15

**SECTION 2.**

16 Chapter 9 of Title 33 of the Official Code of Georgia Annotated, relating to regulation of  
 17 rates, underwriting rules, and related organizations, is amended by revising Code  
 18 Section 33-9-4, relating to standards applicable to making and use of rates, as follows:

19 "33-9-4.

20 ~~Excluding personal private passenger motor vehicle and residential property, the~~ The  
 21 following standards shall apply to the making and use of rates pertaining to all classes of  
 22 insurance to which this chapter is applicable:

23 (1) Rates shall not be excessive or inadequate, as defined in this Code section, nor shall  
 24 they be unfairly discriminatory;

25 (2) No rate shall be held to be excessive unless such rate is unreasonably high for the  
 26 insurance provided and a reasonable degree of competition does not exist in the area with  
 27 respect to the classification to which such rate is applicable; ~~provided, however, with~~  
 28 ~~respect to rate filings involving an increase in rates, no rate for personal private passenger~~  
 29 ~~motor vehicle insurance shall be held to be excessive unless such rate is unreasonably~~  
 30 ~~high for the insurance provided and a reasonable degree of competition does not exist;~~

31 (3) No rate shall be held inadequate unless it is unreasonably low for the insurance  
 32 provided and ~~continued use of it would endanger solvency of the insurer, or unless the~~  
 33 ~~use of such rate by the insurer using such rate has, or will, if continued, tend~~ if the rate  
 34 tends to destroy competition or create a monopoly;

35 (4) Consideration shall be given to the extent applicable to past and prospective loss  
 36 experience within and outside this state, to conflagration and catastrophe hazards, to a  
 37 reasonable margin for underwriting profit and contingencies, to past and prospective  
 38 expenses both country wide and those specially applicable to this state, to the insurer's  
 39 average yield from investment income, and to all other factors, including judgment  
 40 factors, deemed relevant within and outside this state; and, in the case of fire insurance

41 rates, consideration may be given to the experience of the fire insurance business during  
42 the most recent five-year period;

43 (5) Consideration may also be given, in the making and use of rates, to dividends,  
44 savings, or unabsorbed premium deposits allowed or returned by insurers to their  
45 policyholders, members, or subscribers;

46 (6) The systems of expense provisions included in the rates for use by any insurer or  
47 group of insurers may differ from those of other insurers or groups of insurers to reflect  
48 the operating methods of any such insurer or group with respect to any kind of insurance  
49 or with respect to any subdivision or combination thereof;

50 (7) Risks may be grouped by classifications for the establishment of rates and minimum  
51 premiums. Classification rates may be modified to produce rates for individual risks in  
52 accordance with rating plans which establish standards for measuring variations in  
53 hazards or expense provisions, or both. Such standards may measure any difference  
54 among risks that have a probable effect upon losses or expenses. Classifications or  
55 modifications of classifications of risks may be established based upon size, expense,  
56 management, individual experience, location or dispersion of hazard, or any other  
57 reasonable considerations. Such classifications and modifications shall apply to all risks  
58 under the same or substantially the same circumstances or conditions; provided, however,  
59 the Commissioner shall establish the maximum amount of any such modification; and

60 (8) Nothing contained in this Code section or elsewhere in this chapter shall be construed  
61 to repeal or modify Chapter 6 of this title, relating to unfair trade practices, and any rate,  
62 rating classification, rating plan or schedule, or variation thereof established in violation  
63 of Chapter 6 of this title shall, in addition to the consequences stated in Chapter 6 of this  
64 title or elsewhere, be deemed violative of this Code section;

65 ~~(9) No insurer shall base any standard or rating plan on vehicle insurance, in whole or~~  
66 ~~in part, directly or indirectly, upon race, creed, or ethnic extraction; and~~

67 ~~(10) No insurer shall base any standard or rating plan on vehicle insurance, in whole or~~  
 68 ~~in part, directly or indirectly, upon any physical disability of an insured unless the~~  
 69 ~~disability directly impairs the ability of the insured to drive a motor vehicle."~~

70

### SECTION 3.

71 Said chapter is further amended by revising Code Section 33-9-21, relating to maintenance  
 72 and filing rates, rating plans, rating systems, or underwriting rules and examination of claim  
 73 reserve practices by the Commissioner, as follows:

74 "33-9-21.

75 (a) As used in this Code section, the term:

76 (1) 'Personal lines insurance' means private passenger motor vehicle insurance and  
 77 residential property insurance.

78 (2) 'Rate filing' means any filing proposing a new rate, rating plan, rating rule, rating  
 79 territory, classification, surcharge, algorithm, or modification thereof that affects the  
 80 premium charged to policyholders.

81 ~~(a)~~(b) Every insurer shall maintain with the Commissioner copies of the rates, rating plans,  
 82 rating systems, underwriting rules, and policy or bond forms used by it. The maintenance  
 83 of rates, rating plans, rating systems, underwriting rules, and policy or bond forms with the  
 84 Commissioner by a licensed rating organization of which an insurer is a member or  
 85 subscriber will be sufficient compliance with this Code section for any insurer maintaining  
 86 membership or subscriberships in such organization, to the extent that the insurer uses the  
 87 rates, rating plans, rating systems, underwriting rules, and policy or bond forms of such  
 88 organization; provided, however, that the Commissioner, when he or she deems it  
 89 necessary, without compliance with the rule-making procedures of this title or Chapter 13  
 90 of Title 50, the 'Georgia Administrative Procedure Act':

91 (1) May require any domestic, foreign, and alien insurer to file the required rates, rating  
 92 plans, rating systems, underwriting rules, and policy or bond forms used independent of

93 any filing made on its behalf or as a member of a licensed rating organization, as the  
94 Commissioner shall deem to be necessary to ensure compliance with the standards of this  
95 chapter and Code Section 34-9-130 and for the best interests of the citizens of this state;  
96 and

97 (2) Shall require each domestic, foreign, and alien insurer, writing or authorized to write  
98 workers' compensation insurance in this state, to file such insurer's own individual rate  
99 filing for rates to be charged for workers' compensation insurance coverage written in this  
100 state. Such rates shall be developed and established based upon each individual insurer's  
101 experience in ~~the State of Georgia~~ this state to the extent actuarially credible. The  
102 experience filed shall include the loss ratios, reserves, reserve development information,  
103 expenses, including commissions paid and dividends paid, investment income, pure  
104 premium data adjusted for loss development and loss trending, profits, and all other data  
105 and information used by that insurer in formulating its workers' compensation rates which  
106 are used in this state and any other information or data required by the Commissioner.  
107 In establishing and maintaining loss reserves, no workers' compensation insurer shall be  
108 allowed to maintain any excess loss reserve for any claim or potential claim for more than  
109 90 days after the amount of liability for such claim or potential claim has been  
110 established, whether by final judgment, by settlement agreement, or otherwise. Such ~~This~~  
111 limitation on the maintenance of loss reserves shall be enforced through this Code  
112 section, as well as through Code Section 33-9-23, ~~relating to examination of admitted~~  
113 ~~insurers, and any other appropriate enforcement procedures.~~ The Commissioner is  
114 authorized to accept such rate classifications as are reasonable and necessary for  
115 compliance with this chapter. A rate filing required by this paragraph shall be updated  
116 by the insurer at least once every two years; ~~and,~~

117 ~~(3) As used in this paragraph (2) of this subsection,~~ the term 'excess loss reserve' means  
118 any reserve amount in excess of the reserve required by law.

119 ~~(b)(c)~~ Any domestic, foreign, or alien insurer that is authorized to write insurance in this  
120 state must file with the Commissioner any rate, rating plan, rating system, or underwriting  
121 rule for all personal private passenger motor vehicle lines insurance.

122 ~~(1) For private passenger motor vehicle insurance providing only the mandatory~~  
123 ~~minimum limits required by Code Section 33-34-4 and subsection (a) of Code Section~~  
124 ~~40-9-37, no such rate, rating plan, rating system, or underwriting rule shall become~~  
125 ~~effective, nor may any premium be collected by any insurer thereunder, unless the filing~~  
126 ~~has been received by the Commissioner in his or her office and such filing has been~~  
127 ~~approved by the Commissioner or a period of 45 days has elapsed from the date such~~  
128 ~~filing was received by the Commissioner during which time such filing has not been~~  
129 ~~disapproved by the Commissioner. The Commissioner shall be authorized to extend such~~  
130 ~~45 day period by no more than 55 days at his or her discretion. If a filing is disapproved,~~  
131 ~~notice of such disapproval order shall be given within 100 days of receipt of filing by the~~  
132 ~~Commissioner, specifying in what respects such filing fails to meet the requirements of~~  
133 ~~this chapter. The filer shall be given a hearing upon written request made within 30 days~~  
134 ~~after the issuance of the disapproval order, and such hearing shall commence within 30~~  
135 ~~days after such request unless postponed by mutual consent. Such hearing, once~~  
136 ~~commenced, may be postponed or recessed by the Commissioner only for weekends,~~  
137 ~~holidays, or after normal working hours or at any time by mutual consent of all parties~~  
138 ~~to the hearing. The Commissioner may also, at his or her discretion, recess any hearing~~  
139 ~~for not more than two recess periods of up to 15 consecutive days each. In connection~~  
140 ~~with any hearing or judicial review with respect to the approval or disapproval of such~~  
141 ~~rates, the burden of persuasion shall fall upon the affected insurer or insurers to establish~~  
142 ~~that the challenged rates are adequate, not excessive, and not unfairly discriminatory.~~  
143 ~~After such a hearing, the Commissioner must affirm, modify, or reverse his or her~~  
144 ~~previous action within the time period provided in subsection (a) of Code Section 33-2-23~~  
145 ~~relative to orders of the Commissioner. The requirement of approval or disapproval of~~

146 a rate filing by the Commissioner under this subsection shall not prohibit actions by the  
147 Commissioner regarding compliance of such rate filing with the requirements of Code  
148 Section 33-9-4 brought after such approval or disapproval.

149 ~~(2) For personal private passenger motor vehicle insurance other than that described in  
150 paragraph (1) of this subsection, such rate, rating plan, rating system, or underwriting rule  
151 for all such personal private passenger motor vehicle insurance shall be effective 60 days  
152 after such filing and shall be implemented without approval of the Commissioner, unless  
153 an earlier effective date is authorized by the Commissioner or a later effective date is  
154 specified by the insurer. This paragraph shall apply to the entire personal private  
155 passenger motor vehicle insurance policy with limits above the mandatory minimum  
156 required by Code Section 33-34-4 and subsection (a) of Code Section 40-9-37 and shall  
157 apply to the entire personal private passenger motor vehicle policy with minimum limits  
158 if such policy has any additional nonmandatory coverage or coverages.~~

159 ~~(3) Notwithstanding the provisions of paragraphs (1) and (2) of this subsection, an  
160 insurer may, but shall not be required to, file its rate, rating plan, rating system, or  
161 underwriting rule for all such personal private passenger motor vehicle insurance  
162 provided for in paragraphs (1) and (2) of this subsection under the filing process of  
163 paragraph (1) of this subsection.~~

164 ~~(c) When a rate filing of an insurer required under paragraph (1) of subsection (b) of this  
165 Code section is not accompanied by the information upon which the insurer supports the  
166 filing and the Commissioner does not have sufficient information to determine whether the  
167 filing meets the requirements of this chapter, then the Commissioner shall request in  
168 writing, within 20 days of the date he or she receives the filing, the specifics of such  
169 additional information as he or she requires, and the insurer shall be required to furnish  
170 such information, and in such event the 45-day period provided for in paragraph (1) of  
171 subsection (b) of this Code section shall commence as of the date such information is  
172 furnished.~~

173 ~~(d) Any domestic, foreign, or alien insurer that is authorized to write insurance in this state~~  
174 ~~must file with the Commissioner any rate, rating plan, rating system, or underwriting rule~~  
175 ~~at least 45 days prior to any indicated effective date for all insurance other than personal~~  
176 ~~private passenger motor vehicle insurance. No rate, rating plan, rating system, or~~  
177 ~~underwriting rule required to be filed under this subsection will become effective, nor may~~  
178 ~~any premium be collected by any insurer thereunder, unless the filing has been received by~~  
179 ~~the Commissioner in his office not less than 45 days prior to its effective date.~~

180 ~~(e) When a rate filing of an insurer required under subsection (d) of this Code section~~  
181 ~~results in any overall rate increase of 10 percent or more within any 12 month period, the~~  
182 ~~Commissioner shall order an examination of that insurer to determine the accuracy of the~~  
183 ~~claim reserves, the applicability of the claim reserve practices for the loss data used in~~  
184 ~~support of such filing, and any other component of the rate filing, provided, however, that~~  
185 ~~in the event the overall increase is less than 25 percent within any 12 month period and the~~  
186 ~~Commissioner affirmatively determines that he or she has sufficient information to evaluate~~  
187 ~~such rate increase and that the cost thereof would not be justified, he or she may waive all~~  
188 ~~or part of such examination. In all other rate filings required under subsection (d) of this~~  
189 ~~Code section, the Commissioner may order an examination of that insurer as provided in~~  
190 ~~this subsection. Such examination shall be conducted in accordance with the provisions~~  
191 ~~of Chapter 2 of this title. Upon notification by the Commissioner of his or her intent to~~  
192 ~~conduct such examination, the insurer shall be prohibited from placing the rates so filed in~~  
193 ~~effect until such examination has been reviewed and certified by the Commissioner as~~  
194 ~~being complete. Such examination, if conducted by the Commissioner, shall be reviewed~~  
195 ~~and certified within 90 days of the date such rate, rating plan, rating system, or~~  
196 ~~underwriting rule is filed; provided, however, that if the Commissioner makes an~~  
197 ~~affirmative finding that the examination may not be completed within the 90 day period,~~  
198 ~~he or she may extend such time for one additional 60 day period. Any examination~~

199 ~~required under this Code section shall be conducted in accordance with Chapter 2 of this~~  
200 ~~title:~~

201 ~~(f) Notwithstanding the provisions of subsection (d) of this Code section, in the event the~~  
202 ~~filing of any rate, rating plan, rating system, or underwriting rule under subsection (d) of~~  
203 ~~this Code section is not necessary, in the judgment of the Commissioner, to accomplish the~~  
204 ~~purposes of this chapter as set forth in Code Section 33-9-1, then the Commissioner may~~  
205 ~~exempt all domestic, foreign, and alien insurers from being required to file such rate, rating~~  
206 ~~plan, rating system, or underwriting rule.~~

207 ~~(g) Filings required pursuant to this Code section shall be accompanied by a fee or fees as~~  
208 ~~provided in Code Section 33-8-1.~~

209 (d) No insurer shall charge, use, or implement any rate filing for personnel lines insurance  
210 unless such filing has been submitted to and approved in writing by the Commissioner  
211 prior to charging, use, or implementation.

212 (e) Subsections (a) and (d) through (f) of this Code section apply only to all new rates,  
213 renewal rates, rating factor changes, territory or classification changes, underwriting rules  
214 affecting premium, and algorithmic or predictive model updates that affect the pricing of  
215 personal lines insurance.

216 (f) The Commissioner shall approve a rate filing only if the insurer demonstrates to the  
217 satisfaction of the Commissioner that the proposed rates are not:

218 (1) Excessive;

219 (2) Inadequate; and

220 (3) Unfairly discriminatory.

221 (g) A rate shall be deemed excessive if the Commissioner determines that, according to  
222 his or her judgment, the rate will create unreasonable profits or is not supported by credible  
223 data.

224 (h) A rate shall be deemed inadequate if the Commissioner determines that, according to  
225 his or her judgment, the rate is unreasonably low for the provided coverage and would

226 endanger an insurer's solvency, or if the rate tends to destroy competition or create a  
227 monopoly.

228 (i) A rate shall be deemed unfairly discriminatory if the Commissioner determines that  
229 according to his or her judgment, similarly situated risks are charged materially different  
230 premiums without actuarial justification.

231 (j) Each rate filing shall include:

232 (1) Historical loss experience;

233 (2) Trend and projection assumptions;

234 (3) Expense provisions;

235 (4) Profit and contingency margins;

236 (5) Catastrophe and reinsurance assumptions;

237 (6) Territory and classification support; and

238 (7) Such other documentation for any algorithmic or predictive models used in pricing,  
239 including model purpose, variables, performance metrics, data sources, and bias testing.

240 (k) Consideration shall be given to the extent applicable to past and prospective loss  
241 experience within and outside this state, to conflagration and catastrophe hazards, to a  
242 reasonable margin for underwriting profit and contingencies, to past and prospective  
243 expenses both country wide and those specially applicable to this state, to the insurer's  
244 average yield from investment income, and to all other factors, including judgment factors,  
245 deemed relevant within and outside this state.

246 (l) Consideration may also be given, in the making and use of rates, to dividends, savings,  
247 or unabsorbed premium deposits allowed or returned by insurers to their policyholders,  
248 members, or subscribers.

249 (m) The systems of expense provisions included in the rates for use by any insurer or  
250 group of insurers may differ from those of other insurers or groups of insurers to reflect the  
251 operating methods of any such insurer or group with respect to any kind of insurance or  
252 with respect to any subdivision or combination thereof.

253 (n) Risks may be grouped by classifications for the establishment of rates and minimum  
254 premiums. Classification rates may be modified to produce rates for individual risks in  
255 accordance with rating plans which establish standards for measuring variations in hazards  
256 or expense provisions, or both. Such standards may measure any difference among risks  
257 that have a probable effect upon losses or expenses. Classifications or modifications of  
258 classifications of risks may be established based upon size, expense, management,  
259 individual experience, location or dispersion of hazard, or any other reasonable  
260 considerations. Such classifications and modifications shall apply to all risks under the  
261 same or substantially the same circumstances or conditions; provided, however, that the  
262 Commissioner shall establish the maximum amount of any such modification.

263 (o) Nothing in this Code section or elsewhere in this chapter shall be construed to repeal  
264 or modify Chapter 6 of this title, and any rate, rating classification, rating plan or schedule,  
265 or variation thereof established in violation of such chapter shall, in addition to the  
266 consequences stated in Chapter 6 of this title or elsewhere, be deemed in violation of this  
267 Code section.

268 (p) No insurer shall base any standard or rating plan on vehicle insurance, in whole or in  
269 part, directly or indirectly, upon race, creed, or ethnic extraction.

270 (q) No insurer shall base any standard or rating plan on vehicle insurance, in whole or in  
271 part, directly or indirectly, upon any physical disability of an insured unless the disability  
272 directly impairs the ability of the insured to drive a motor vehicle.

273 (r) Filings required pursuant to this Code section shall be accompanied by a fee or fees as  
274 provided in Code Section 33-8-1.

275 (s) Following a rate filing, the Commissioner shall:

276 (1) Post a redacted version of each rate filing on the department's website. The  
277 information posted shall be in compliance with Article 4 of Chapter 18 of Title 50,  
278 relating to inspection of public records, and shall allow for public comments for no fewer  
279 than 30 days; and

280 (2) Hold a public hearing in accordance with Chapter 13 of Title 50, the 'Georgia  
281 Administrative Procedure Act,' if he or she determines a hearing would be in the public  
282 interest."

283 **SECTION 4.**

284 This Act shall become effective July 1, 2026, and shall apply to all applicable policies,  
285 contracts, and certificates executed, delivered, issued for delivery, or renewed in this state  
286 on or after October 1, 2026.

287 **SECTION 5.**

288 All laws and parts of laws in conflict with this Act are repealed.