

House Bill 1274

By: Representatives Reeves of the 99th, Lumsden of the 12th, Kelley of the 16th, Efstoration of the 104th, Hong of the 103rd, 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 provide for the
3 Department of Insurance to collect certain data annually from insurers writing private
4 passenger automobile insurance policies; to provide for the Commissioner of Insurance to
5 order the refund of any excess profit made by such insurers; to provide for definitions; to
6 provide for calculations; to provide for an order, notice, and opportunity for hearing; to
7 provide for cash refunds or credit refunds; to provide for certification; to provide for rules
8 and regulations; to provide for related matters; to provide for a short title; to provide for an
9 effective date and applicability; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 This Act shall be known and may be cited as the "Auto Insurance Excess Profits Act."

SECTION 2.

13

14 Chapter 9 of Title 33 of the Official Code of Georgia Annotated, relating to regulation of
15 rates, underwriting rules, and related organizations, is amended by revising Code Section
16 33-9-41, which is reserved, as follows:

17 "33-9-41.

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

19 (1) 'Anticipated underwriting profit' means the expected, projected, or modeled net profit
20 that an insurer anticipates making from providing insurance coverage, exclusive of
21 income from investments. Such term shall be calculated as the sum of the dollar amounts
22 obtained by multiplying, for each rate filing of the insurer group in effect during a
23 three-year period, the earned premiums applicable to such rate filings by the percentage
24 factor included in such rate filing for profit and contingencies, such percentage factor
25 having been determined with due recognition to investment income from funds generated
26 by business in this state; provided, however, that separate calculations shall not be
27 necessary for consecutive filings containing the same percentage factor for profits and
28 contingencies.

29 (2) 'Cash refund' means a refund issued to a policyholder or former policyholder by an
30 insurer in a single payment of coins, currency, checks, drafts, or money orders.

31 (3) 'Credit refund' means a refund issued to a policyholder by an insurer through
32 application to a policy renewal premium for such policyholder.

33 (4) 'Excess profit' means an underwriting gain for the three most recent calendar accident
34 years combined which is greater than the anticipated underwriting profit plus 5 percent
35 of earned premiums for such calendar accident years.

36 (5) 'Final compilation year' means the final year in which data is reported in a three-year
37 reporting period.

38 (6) 'Private passenger automobile insurance' means insurance that covers the personal
39 use of a private passenger automobile and its operating equipment; covers liability,

40 collision, comprehensive, personal injury protection or medical payments, or uninsured
41 or underinsured motorist protection; or provides the mandatory minimum limits required
42 under Chapter 34 of this title for the personal use of a private passenger automobile.
43 Such insurance may be written on a family automobile policy, standard automobile
44 policy, personal automobile policy, or similar private passenger automobile policy. Such
45 term shall not include commercial automobile insurance or similar policies for
46 commercial automobiles or commercial motor vehicles.

47 (b) No later than July 1, 2027, and annually thereafter, any domestic, foreign, or alien
48 insurer that is authorized to write private passenger automobile insurance policies in this
49 state shall file with the department on forms prescribed by the Commissioner data for
50 private passenger automobile insurance in this state. Such data shall include both voluntary
51 and joint underwriting association business and shall include the following:

52 (1) Calendar year total limits earned premium;

53 (2) Accident year incurred losses and loss adjustment expenses;

54 (3) Administrative and selling expenses incurred in this state or allocated to this state for
55 the calendar year;

56 (4) Policyholder dividends incurred during the applicable calendar year;

57 (5) A schedule of private passenger automobile loss and loss adjustment experience for
58 each of the three most recent accident years. The incurred losses and loss adjustment
59 expenses shall be valued as of March 31 of the year following the close of the accident
60 year, developed to an ultimate basis, and at two twelve month intervals thereafter, each
61 developed to an ultimate basis, so that a total of three evaluations will be provided for
62 each accident year; and

63 (6) Any supplemental data the department needs for the determination of compliance
64 with the provisions of this Code section.

65 (c) The department shall review the data collected pursuant to subsection (b) of this Code
66 section to determine if excess profit has been realized based on a comparison of the

67 insurer's underwriting gain and anticipated underwriting profit. Each insurer's underwriting
68 gain or loss for each calendar accident year shall be calculated as the sum of the accident
69 year incurred losses and loss adjustment expenses as of March 31 of the following year,
70 developed to an ultimate basis, plus the administrative and selling expenses incurred in the
71 calendar year, plus policyholder dividends applicable to the calendar year, subtracted from
72 the calendar year earned premium. Such underwriting gain or loss shall be compared to
73 the anticipated underwriting profit for the three most recent calendar accident years to
74 determine if excess profit has been realized.

75 (d) Whenever the Commissioner has determined that an excess profit has been realized,
76 the Commissioner shall issue an order for the insurer to return excess profit and otherwise
77 comply with the provisions of this Code section. The order shall contain or shall be
78 accompanied by a notice of opportunity for hearing which clearly explains that the
79 opportunity must be requested within ten days of receipt of the order and notice. The order
80 and notice shall be served in person by the Commissioner or his or her agent or by
81 registered or certified mail or statutory overnight delivery, return receipt requested. The
82 hearing shall be conducted in accordance with the provisions of Chapter 2 of this title.

83 (e)(1) Excess profit shall be refunded unless an insurer demonstrates to the department
84 that the refund of excess profit will render the insurer financially impaired or insolvent.

85 (2) Excess profit shall be refunded on a pro rata basis in relation to the final compilation
86 year earned premiums to the private passenger automobile insurance policyholders of
87 record of the insurer on December 31 on the final compilation year and shall be returned
88 to such policyholders in the form of:

89 (A) A cash refund within 60 days of a final order on the refund of excess profit; or

90 (B) A credit refund, which shall be applied to policy renewal premium notices that are
91 forwarded to policyholders no more than 60 days after a final order on the refund of
92 excess profit; provided, however, that, if a policyholder cancels the policy or allows the

93 policy to terminate, the insurer shall make a cash refund no more than 60 days after
94 termination of coverage.

95 (f) An insurer shall immediately certify to the department when all cash refunds or credit
96 refunds have been made. Any cash refund or credit refund made pursuant to this Code
97 section shall be treated as a policyholder dividend applicable to the year in which it is
98 incurred for purposes of reporting under this Code section for subsequent years.

99 (g) The data in the required reports to the department obtained pursuant to this Code
100 section and cash refunds or credit refunds to policyholders issued pursuant to this Code
101 section may be rounded to the nearest dollar, provided that such rounding shall be applied
102 consistently.

103 (h) The Commissioner shall be authorized to promulgate rules and regulations necessary
104 for the implementation and enforcement of this Code section. Reserved."

105 **SECTION 3.**

106 This Act shall become effective on July 1, 2026, and shall apply to all policies issued,
107 delivered, issued for delivery, or renewed in this state on or after such date.

108 **SECTION 4.**

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