

ENROLLED ORIGINAL

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend, on an emergency basis, An Act To provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, to change the motor vehicle and homeowner insurance rate filing standard from “file-and- use” to require prior approval with a 90-day review period, to provide notice and an opportunity for a hearing before a rate filing is determined to be excessive or unfairly discriminatory; and, beginning on September 1, 2023, to require insurers to provide policyholders 60-day advance written notice of any rate increase of 10% or more.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Emergency Amendment Act of 2023”.

Sec. 2. An Act To provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, approved May 20, 1948 (62 Stat. 243; D.C. Official Code § 31-2701 *et seq.*), is amended follows:

(a) Section 3(f)(2) (D.C. Official Code § 31-2703(f)(2)) is amended to read as follows:

“(2)(A)(i) Each final rate or premium charge proposed to be used by any motor vehicle or homeowner insurer shall be filed with the Commissioner and shall be adequate, not excessive, and not unfairly discriminatory. Before a motor vehicle or homeowner rate or premium charge filing shall become effective, the Commissioner shall have the authority to determine within 90 days after the filing date that a rate or premium charge is excessive if the rate or premium charge is unreasonably high for the insurance provided and is not actuarially justified based on commonly accepted actuarial principles.

“(ii) In determining whether a rate complies with the standards set forth in sub-subparagraph (i) of this subparagraph, due consideration shall be given to past and prospective loss experience within and outside the District, a reasonable margin for underwriting profit and contingencies, dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders or members or subscribers, past and prospective expenses, both nationwide and in the District, and investment income earned or realized by insurers both from their unearned premiums and from their loss reserve funds.

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“(B)(i) If the Commissioner does not make a determination on a proposed rate or premium charge within the 90-day review period, the rate or premium charge shall be deemed approved.

“(ii) If the Commissioner determines, within the 90-day review period, that a motor vehicle or homeowner rate or premium charge may be excessive or unfairly discriminatory, the Commissioner shall provide the insurer with notice of the determination, the reasons for the determination, and an opportunity for a hearing.

“(iii) An insurer must request a hearing within 15 days after the notice is provided to the insurer by the Commissioner.

“(iv)(I) The Commissioner shall hold a hearing within 60 days after a written request is timely received from the insurer, and the Commissioner shall issue a final order within 30 days after the close of the hearing record.

“(II) The cost of the hearing shall be borne by the insurer requesting the rate increase.

“(v) If the Commissioner finds after a hearing that a rate or premium charge is not in compliance with this paragraph, the Commissioner shall order that its use be discontinued for any policy issued or renewed after a date specified in the order and the order may prospectively provide for a rate premium charge adjustment of any policy then in force.

“(C)(i) Beginning on September 1, 2023, if a final rate or premium charge to be implemented by an insurer will increase the existing rate or premium charge of a policyholder by 10% or more, the insurer shall provide the policyholder written notice of the percentage and amount of the increase as it pertains to the individual policyholder at least 60 days, and not more than 90 days, before the increase will be applied to the policyholder’s insurance policy.

“(ii) If the insurer is unable to provide written notice at least 60 days before the end of the current term of the policyholder’s policy, then the insurer must wait until the end of the subsequent term of the policyholder’s policy to implement the rate or premium increase.”

(b) Section 4(c)(2)(A)(ii) (D.C. Official Code § 31-2704(c)(2)(A)(ii)) is amended to read as follows:

“(ii) The order is made after the prescribed investigation and hearing and within 30 days after the filing of rates affected, except as otherwise permitted by section 3(f)(2).”

Sec. 3. Fiscal impact statement.

The Council adopts the fiscal impact statement of the Chief Financial Officer as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

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Sec. 4. Effective date.

This act shall take effect following approval by the Mayor (or in the event of a veto by the Mayor, action by the Council to override the veto), and shall remain in effect for no longer than 90 days, as provided for emergency acts of the Council of the District of Columbia in section 412(a) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 788; D.C. Official Code § 1-204.12(a)).

Chairman
Council of the District of Columbia

Mayor
District of Columbia