



NCDOI COVID-19 ADVISORY

REPORTING REQUIREMENTS AND SAVINGS OPTION

Reporting Requirements

Many companies have filed for an enhancement with the Department in order to share with consumers the benefits received from less than anticipated losses due to fewer drivers on the road because of the current shelter in place orders. Please be advised that the sharing of benefits should not be expensed. The Department is currently coordinating with our Financial Division and with the Rate Bureau as to how these enhancements should be reported for inclusion in future rate filings. Instructions on proper accounting will be forthcoming.

Savings Option

The Department has determined that there is another option that companies may use to provide financial benefits to their policyholders during the COVID-19 pandemic. Currently, companies may submit product filings with the Department for approval as optional enhancements or rate deviations to provide benefits to their policyholders. In addition, companies may offer a dividend under N.C. Gen. Stat. § 58-36-60 which does not require a filing with the Department. However, in working with some of our companies it became apparent that N.C.G.S. § 58-36-60 provides another way for companies to share monetary benefits with their policyholders.

Under N.C.G.S. § 58-36-60, companies may also offer a monetary benefit under the “savings” option. “Savings” under N.C.G.S. § 58-36-60 must be a true savings that companies have received from some extraordinary event such as the pandemic where, due to the shelter at homes orders, there are very few cars on the road resulting in fewer losses than anticipated. If a company has in fact experienced such a savings, they may share that savings with their policyholders under the following guidelines:

1. All policyholders must be eligible for the savings benefit, however, only company policyholders may share in the benefit. It is the Department’s position that N.C.G.S. § 58-36-60 does not allow for savings to be shared with ceded policyholders except in cases where the physical damage coverage has

been retained. Savings based solely on the physical damage coverage may be shared with policyholders whose liability coverage has been ceded to the NCRF.

2. The savings benefit under N.C.G.S. §58-36-60 is a cash benefit akin to dividends and not a discount from premium. The cash benefit may be paid to the policyholder directly or credited against past or future premiums.
3. The savings benefit should **not** be included as an expense when reporting data for inclusion in upcoming rate filings. Details on how exactly this savings should be reported will be forthcoming.

Should you have any questions regarding the savings option, please contact Fred Fuller, Deputy Commissioner – Property & Casualty Division, North Carolina Department of Insurance at Fred.Fuller@ncdoi.gov.