

SCSL Digital Collections

Bulletin number 2008-14

Item Type	Text
Publisher	South Carolina State Library
Rights	Copyright status undetermined. For more information contact, South Carolina State Library, 1500 Senate Street, Columbia, South Carolina 29201.
Download date	2024-09-21 00:33:19
Link to Item	http://hdl.handle.net/10827/25045



South Carolina Department of Insurance

Capital Center
1201 Main St., Suite 1000
Columbia, South Carolina 29201

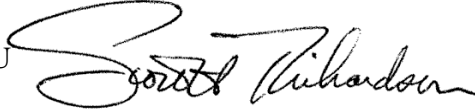
Mailing Address:
P.O. Box 100105, Columbia, S.C. 29202-3105
Telephone: (803) 737-6223

MARK SANFORD
Governor

SCOTT RICHARSON
Director of Insurance

BULLETIN 2008-14

TO: All Property and Casualty Insurers Writing Private Passenger Automobile Insurance Coverage in South Carolina

FROM: Scott H. Richardson, CPCU
Director 

SUBJECT: Notice of Intent to Terminate the Recoupment Surcharge on Private Passenger Automobile Insurance Policies and Opportunity for Comment

DATE: August 15, 2008

I. NOTICE OF INTENT TO TERMINATE RECOUPMENT FEE SURCHARGES ON PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICIES

The operation of the South Carolina Reinsurance Facility (Facility) is scheduled to terminate effective January 1, 2010. *See* S.C. Code Ann. Section 38-77-510 (2002). Bulletin 2007-17 notified all insurers of the impending termination of the Facility. The Facility recoupment surcharge will terminate in accordance with the requirements of S.C. Code Ann. Reg. 69-63.

Regulation 69-63 provides as follows:

...Beginning on March 1, 2003 and each year thereafter, the director shall evaluate the funds collected by this surcharge and compare this amount with the projected runoff. The director may reduce the percentage surcharge from 10% to a lower amount or eliminate the surcharge completely by issuing a notice 120 days in advance to insurers that the director is considering reducing the percentage surcharge. The notice must include a 30 day period to allow comments from insurers. After the 30 day period has expired, the director may lower the surcharge by order.

(2) The director shall not lower the percentage surcharge unless the amount of recoupment projected to be recovered in the next fiscal year of the Reinsurance Facility is greater than the projected total remaining runoff of the South Carolina Reinsurance Facility. The collection of recoupment under this regulation must continue until the runoff obligations of the South Carolina Reinsurance Facility have been funded completely.

The projections developed by the Facility's Board of Governors indicate that if all companies cease the collection of recoupment surcharges on new and renewal policies with effective dates of December 15, 2008 and after, the ultimate debt of the Facility should be satisfied. Any date earlier than December 15, 2008 could result in a shortfall in violation of the regulation.

II. COMMENT PERIOD

The Department will receive comments from insurers on this proposed plan for termination of the recoupment surcharge for the next thirty days (i.e., until 5:00 p.m., September 16, 2008). After the 30-day comment period has expired, the director may lower or eliminate the surcharge via order. Questions concerning this bulletin or comments regarding the termination of the recoupment surcharge should be addressed and directed as follows:

RECOUPMENT SURCHARGE COMMENTS

c/o James Byrd
Deputy Director
South Carolina Department of Insurance
Post Office Box 100105
Columbia, South Carolina 29202-3105
Phone: 803-737-6150
Fax: 803-737-6103
Email: jbyrd@doi.sc.gov

Bulletins are the method by which the Director of Insurance formally communicates with persons and entities regulated by the Department. Bulletins are departmental interpretations of South Carolina insurance laws and regulations and provide guidance on the Department's enforcement approach. Bulletins do not provide legal advice. Readers should consult applicable statutes and regulations or contact an attorney for legal advice or for additional information on the impact of that legislation on their specific situation.