

Chairman Phil Mendelson
at the request of the Mayor

A BILL

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 prior approval with a 90-day deemer, to provide notice and opportunity for a hearing before a rate filing is determined to be excessive or unfairly discriminatory; and 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) 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

35 have the authority to determine, within 90 days after the filing date, that a rate or
36 premium charge is excessive if the rate or premium charge is unreasonably high for the
37 insurance provided and is not actuarially justified based on commonly accepted actuarial
38 principles. In determining whether a rate complies with the standards set forth in the prior
39 sentence, due consideration shall be given for past and prospective loss experience within
40 and outside the District, a reasonable margin for underwriting profit and contingencies,
41 dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to
42 their policyholders or members or subscribers, past and prospective expenses, both
43 nationwide and in the District, and investment income earned or realized by insurers both
44 from their unearned premiums and from their loss reserve funds.

45 “(B) If the Commissioner does not make a determination on a
46 proposed rate or premium charge within the 90-day period, the rate or premium charge
47 shall be deemed approved. If the Commissioner determines, within the 90-day period,
48 that a motor vehicle or homeowner rate or premium charge may be excessive or unfairly
49 discriminatory, the Commissioner shall provide the insurer with notice of the
50 determination and the reasons therefor and an opportunity for a hearing. A hearing must
51 be requested by the insurer within 15 days after the notice is provided to the insurer by
52 the Commissioner. A hearing shall be held by the Commissioner within 60 days after a
53 written request is timely received from the insurer and the Commissioner shall issue a
54 final order within 30 days after the close of the hearing record. The cost of the hearing
55 shall be borne by the insurer requesting the rate increase. If the Commissioner finds after
56 a hearing that a rate or premium charge is not in compliance with this paragraph, the
57 Commissioner shall order that its use be discontinued for any policy issued or renewed

58 after a date specified in the order and the order may prospectively provide for a rate
59 premium charge adjustment of any policy then in force.

60 “(C) If a final rate or premium charge to be implemented by an
61 insurer will increase the existing rate or premium charge of a policyholder by 10% or
62 more, the insurer shall provide the policyholder written notice of the percentage and
63 amount of such increase as it pertains to the individual policyholder at least 60 days, and
64 not more than 90 days, before the increase will be applied to the policyholder’s insurance
65 policy. If the insurer is unable to provide written notice at least 60 days before the end of
66 the current term of the policyholder’s policy, then the insurer must wait until the end of
67 the subsequent term of the policyholder’s policy to implement the rate or premium
68 increase.”.

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

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

74 Sec. 3. Fiscal impact statement.

75 The Council adopts the fiscal impact statement of the Chief Financial Officer as
76 the fiscal impact statement required by section 4a of the General Legislative Procedures
77 Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-
78 301.47a).

79 Sec. 4. Effective date.

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

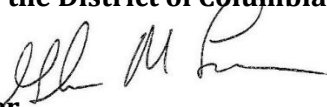
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: November 7, 2022

SUBJECT: Fiscal Impact Statement – Motor Vehicle and Homeowner Insurance
Prior Approval Rate Filing Emergency Amendment Act of 2022

REFERENCE: Draft Bill as provided to the Office of Revenue Analysis on October 27,
2022

Conclusion

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Background

The Department of Insurance, Securities and Banking (DISB) approves rate adjustments from insurers to ensure they are adequate, not excessive, and not unfairly discriminatory.¹ For motor vehicle insurance, DISB allows an insurer to file their new rates and then begin charging those rates prior to DISB approval.

The bill changes the standard and applies it to homeowner insurers as well. Both motor vehicle and homeowner insurance companies will need to file new rates and wait up to 60 days for DISB to approve or deny the rates. If DISB does not decide on the rates within that time, then the rates are deemed to be approved. An insurer can appeal a DISB decision that rates are excessive or discriminatory within 60 days of the decision.

¹ An Act to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, approved May 20, 1968 (62 Stat. 242; D.C. Official Code § 31-2703(f)(2)).

The Honorable Phil Mendelson

FIS: "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Emergency Amendment Act of 2022," Draft Bill as provided to the Office of Revenue Analysis on October 27, 2022

Financial Plan Impact

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. DISB currently holds hearings for adverse rulings and can absorb any costs associated with holding these hearings prior to authorizing an insurer to impose new rates.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



Legal Counsel Division

MEMORANDUM

TO: Beverly L. Perry
Senior Advisor
Office of the Senior Advisor

FROM: Megan D. Browder
Deputy Attorney General
Legal Counsel Division

DATE: November 8, 2022

RE: Legal Sufficiency Certification of Draft Legislation, the “Motor Vehicle and Homeowner Insurance Prior Approval Filing Amendment Act of 2022,” Emergency Version and Resolution, and Transmittal Letter
(AE-22-166)

This is to Certify that this Office has reviewed the above-referenced draft legislation and found it to be legally sufficient. If you have any questions, please do not hesitate to call me at (202) 724-5524.

A handwritten signature in black ink that reads "Megan D. Browder". The signature is written in a cursive, flowing style.

Megan D. Browder