

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To declare the existence of an emergency with respect to the need 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 require 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.

RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Emergency Declaration Resolution of 2023”.

Sec. 2. (a) The Department of Insurance, Securities, and Banking (“Department”) has noticed a recent trend in motor vehicle and homeowner insurance markets in the District where insurers have been requesting double-digit rate increases. In some cases, the increases are in excess of 20%.

(b) While insurers are entitled to an adequate premium rate in exchange for the insurance coverage they provide, the Commissioner is concerned about the impact of these rate increases on policyholders. In addition, because the rate filings of motor vehicle and homeowner insurers currently operate under a file and use standard in the District, which means that the insurers may implement their rate increases immediately upon filing their rates with the

35 Commissioner, the Department is often unable to review the rate filings and consult with the
36 insurers to substantiate the rate increases before the rate increases take effect.

37 (c) In addition, the Commissioner is concerned that the large premium increases
38 could cause policyholders to miss payments due to their inability to afford the increased rates
39 while at the same time lacking sufficient time to shop for more affordable insurance. Such an
40 instance could result in policies lapsing due to non-payment and an increase in uninsured
41 motorists and homeowners.

42 (d) By changing the rate filing standard for motor vehicle and homeowner insurer
43 rate filings from file and use to prior approval, the Department will have time to review the
44 filings and ensure that the rate increases are neither excessive nor discriminatory before the new
45 rates become effective. Further, by requiring insurers to provide 60 days advance written notice
46 of any rate increase of 10% or more, policyholders will have more time to consider alternative
47 insurance options.

48 Sec. 3. The Council determines that the circumstances enumerated in section 2 constitute
49 emergency circumstances making it necessary that the Motor Vehicle and Homeowner Insurance
50 Prior Approval Rate Filing Amendment Emergency Act of 2022 be adopted after a single
51 reading.

52 Sec. 4. This resolution shall take effect immediately.

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

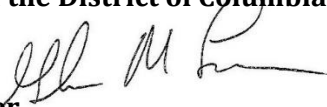
Government of the District of Columbia
Office of the Chief Financial Officer



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.