



**MURIEL BOWSER**

**MAYOR**

February 23, 2023

The Honorable Phil Mendelson, Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Suite 504  
Washington, DC 20004

Dear Chairman Mendelson:

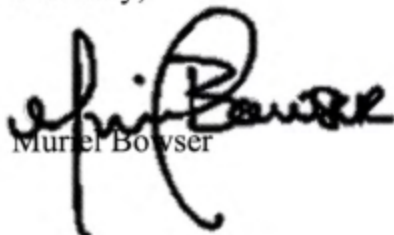
Enclosed for consideration and enactment by the Council of the District of Columbia are the "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Emergency Amendment Act of 2023," the "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Temporary Amendment Act of 2023," and the "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023," along with an accompanying emergency declaration resolution. The purpose of the legislation is to change the motor vehicle and homeowner insurance rate filing standard from file and use to prior approval.

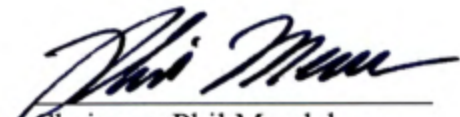
The Department of Insurance, Securities, and Banking ("Department") has noticed a trend in motor vehicle and homeowner insurance markets in the District where insurers have been requesting double-digit rate increases. In some cases, the increases are in excess of 20 percent. While insurers are entitled 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 District residents.

In addition, because the rate filings of motor vehicle and homeowner insurers operate under a file and use standard in the District, insurers currently can implement the rate increases immediately upon filing the rates with the Commissioner. The Commissioner is concerned that the large premium increases could cause policyholders to miss payments due to their inability to afford the increased rates while at the same time lacking sufficient time to shop for more affordable insurance. Such an instance could result in policies lapsing due to non-payment and an increase in uninsured motorists. By enacting the legislation and changing the rate filing standard for motor vehicle and homeowner insurer rate filings from file and use to prior approval with a 90 day deemer, the Department will have time to review the filings to ensure that the rate increases are neither excessive nor discriminatory before the new rates become effective. Moreover, the legislation will require motor vehicle and homeowner insurers to provide policyholders 60 days advance written notice for any rate increase of 10% or more.

Accordingly, I urge the Council to take prompt and favorable action on the enclosed legislation.

Sincerely,

  
Muriel Bowser

  
Chairman Phil Mendelson  
at the request of the Mayor

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A BILL

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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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)).

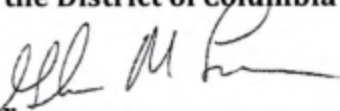
Government of the District of Columbia  
Office of the Chief Financial Officer



**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

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**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.<sup>1</sup> 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.

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<sup>1</sup> 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)

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**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 cursive script that reads "Megan D. Browder".

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Megan D. Browder