



South Carolina Department of Insurance

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Director of Insurance

BULLETIN NUMBER 2000 - 14 (Issued upon December 15, 2000)

To: Property and Casualty Insurers

From: Ernst N. Csiszar
Director

A handwritten signature in cursive script, appearing to read 'Ernst N. Csiszar'.

Subject: Automobile Insurance Fees

Recently, questions have been asked regarding the charging of fees by agents and insurers. This bulletin is intended to clarify the Department's position with regards to that issue as respects automobile insurance.

It is the long-standing position of the department that all charges and costs incurred by an insured in connection with the purchase of a policy of insurance must be included in the rates which insurance companies are required to file with the department. See S.C. Code Ann. Section 38-55-50 (Supp. 1999)

Thus, any charge to an insured by an insurance agent in connection with the sale, solicitation, or negotiation of an insurance policy must be reflected in the schedule of rates files with the department. Further, all charges to insureds for the same type of policy must be uniform in order to avoid further discrimination between risks of the same class and essentially the same hazard, which is prohibited by Section 38-55-50.

A licensed agent may charge a per-policy fee to cover the administrative costs of the agent associated with selling an automobile insurance policy. The per-policy fee must be a component of the insurer's rate filing and may not be charged by an agent unless the fee is included in the filing. The fee is not considered part of the premium except for purposes of the department's review of expense factors in a filing made pursuant to Chapter 73 of Title 38. An insurer may elect to consider the fee as premium.

The contact person for this Bulletin is Dean Kruger, Chief Casualty Actuary, 1612 Marion Street, Columbia, SC 29202, Phone 803-737-6230, Fax 803-737-6233,

E-mail dkruger@doi.state.sc.us. Insurers that plan to file for this fee, should contact Mr. Kruger for expedited review of such filing. The filing should consist of a cover page, a Form 2004, and the rating rule change. Filings may be faxed to the Department.