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SENATE BILL DRS45261-NE-37A

Short Title: DOI Omnibus Bill.-AB

(Public)

Sponsors: Senators Johnson, Edwards, and McInnis (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT TO AMEND AND TO MAKE CLARIFYING CHANGES TO VARIOUS
INSURANCE LAWS, AS RECOMMENDED BY THE DEPARTMENT OF INSURANCE.
The General Assembly of North Carolina enacts:

PART I. HOLDING COMPANY ACT FORM FILING CHANGES

SECTION 1. G.S. 58-19-75(b) reads as rewritten:

"(b) A complete copy of each statement, including exhibits and all other papers and documents filed as a part of the statement, shall be filed with the Commissioner by ~~personal delivery or~~ mail addressed to the Commissioner and shall be signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority shall also be filed with the statement."

PART II. STANDARDIZE QUALITY LIMITATIONS FOR OBLIGATIONS

SECTION 2.(a) G.S. 58-7-170(d) reads as rewritten:

"(d) Without the Commissioner's prior written approval, the cost of investments permitted under G.S. 58-7-173 and G.S. 58-7-178, and that are classified as medium to lower quality obligations, ~~other than obligations of subsidiaries or affiliated corporations as that term is defined in G.S. 58-19-5,~~ obligations shall be limited to:

- (1) No more than twenty percent (20%) of an insurer's admitted assets;
 - (2) No more than ten percent (10%) of an insurer's admitted assets in obligations designated a 4, 5, or 6 in accordance with the Purposes and Procedures Manual of the NAIC Securities Valuation Office;
 - (3) No more than three percent (3%) of an insurer's admitted assets in obligations designated a 5 or 6 in accordance with the Purposes and Procedures Manual of the NAIC Securities Valuation Office; and
 - (4) No more than one percent (1%) of an insurer's admitted assets in obligations designated a 6 in accordance with the Purposes and Procedures Manual of the NAIC Securities Valuation Office.
- (5),(6) Repealed by Session Laws 1993, c. 452, s. 11."

SECTION 2.(b) G.S. 58-19-10 reads as rewritten:

"§ 58-19-10. ~~Subsidiaries~~ Affiliates or subsidiaries of insurers.

...

(b) In addition to investments in common stock, preferred stock, debt obligations, and other securities permitted under this Chapter, a domestic insurer may also:



* D R S 4 5 2 6 1 - N E - 3 7 A *

(1) Invest, in common stock, preferred stock, debt obligations, and other securities of one or more affiliates or subsidiaries, amounts that do not exceed the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent (50%) of the insurer's policyholders' surplus, provided that after those investments, the insurer's policyholders' surplus will be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs. In calculating the amount of the investments, investments in domestic or foreign insurance affiliates or subsidiaries and health maintenance organizations shall be excluded, and there shall be included: (i) total net monies or other consideration expended and obligations assumed in the acquisition or formation of ~~a~~an affiliate or subsidiary, including all organizational expenses and contributions to capital and surplus of the affiliate or subsidiary whether or not represented by the purchase of capital stock or issuance of other securities; and (ii) all amounts expended in acquiring additional common stock, preferred stock, debt obligations, and other securities, and all contributions to the capital or surplus, of ~~a~~an affiliate or subsidiary subsequent to its acquisition or formation;

...

(c) Investments in common stock, preferred stock, debt obligations, or other securities of subsidiaries made pursuant to subsection (b) of this section are not subject to any of the otherwise applicable restrictions or prohibitions contained in this Chapter applicable to such investments of ~~insurers~~insurers except the medium to lower quality obligation limitations under G.S. 58-7-170(d).

...."

PART III. CHANGE PEO NOTIFICATION REQUIREMENTS

SECTION 3. G.S. 58-89A-110(g) reads as rewritten:

"(g) A licensee shall, within 30 days of initiation or termination of the licensee's relationship with any client company, notify its workers' compensation ~~earlier, the Commissioner, carrier~~ and the North Carolina Industrial Commission of both the initiation and termination of the relationship. If the client company terminates the relationship between the licensee and the client company, the notice required by this subsection shall be given within 10 days of the licensee's actual knowledge of the termination."

PART IV. UPDATE OTHER LAWS APPLICABLE TO HMOS

SECTION 4. G.S. 58-67-171 reads as rewritten:

"§ 58-67-171. Other laws applicable to HMOs.

The following provisions of this Chapter are applicable to HMOs that are subject to this Article are as follows:

- G.S. 58-2-125..... Authority over all insurance companies; no exemptions from license.
- G.S. 58-2-150..... Oath required for compliance with law.
- G.S. 58-2-155..... Investigation of charges.
- G.S. 58-2-160..... Reporting and investigation of insurance and reinsurance fraud and the financial condition of licensees; immunity from liability.
- G.S. 58-2-162..... Embezzlement by insurance agents, brokers, or administrators.
- G.S. 58-2-185..... Record of business kept by companies and agents; Commissioner may inspect.
- G.S. 58-2-190..... Commissioner may require special reports.
- G.S. 58-2-195..... Commissioner may require records, reports, etc., for agencies, agents, and others.

- 1 G.S. 58-2-200. Books and papers required to be exhibited.
2 G.S. 58-3-50. Companies must do business in own name; emblems, insignias,
3 etc.
4 G.S. 58-3-100(c),(e). Insurance company licensing provisions.
5 G.S. 58-3-115. Twisting with respect to insurance policies; penalties.
6 G.S. 58-7-21. Credit allowed a domestic ceding insurer.
7 G.S. 58-7-26. Asset or reduction from liability for reinsurance ceded by a
8 domestic insurer to an assuming insurer not meeting the
9 requirements of G.S. 58-7-21.
10 G.S. 58-7-30. Insolvent ceding insurer.
11 G.S. 58-7-31. Life and health reinsurance agreements.
12 G.S. 58-7-46. Notification to Commissioner for president or chief executive
13 officer changes.
14 G.S. 58-7-73. Dissolution of insurers.
15 Part 7 of Article 10. Annual Financial Reporting.
16 G.S. 58-50-35. Notice of nonpayment of premium required before forfeiture.
17 G.S. 58-51-15(a)(2)b. Accident and health policy provisions.
18 G.S. 58-51-17. Portability for accident and health insurance.
19 G.S. 58-51-25. Policy coverage to continue as to children with an intellectual or
20 physical disability or dependent students on medically necessary
21 leave of absence.
22 G.S. 58-51-35. Insurers and others to afford coverage to children with an
23 intellectual or physical disability.
24 G.S. 58-51-45. Policies to be issued to any person possessing the sickle-cell trait
25 or hemoglobin C trait.
26 G.S. 58-62. Life and Health Insurance Guaranty Association."
27

28 **PART V. PREPAID HEALTH PLAN LICENSING ACT CLARIFYING CHANGE**

29 **SECTION 5.** G.S. 58-93-75 reads as rewritten:

30 **"§ 58-93-75. Continuation of health care services.**

31 The Commissioner shall require that each PHP have a plan for handling insolvency. The plan
32 must allow for health care services to be provided to enrollees until the PHP's ~~enrollees whose~~
33 ~~enrollment in a PHP is not voluntary are enrolled in capitated contract is terminated by DHHS~~
34 and all enrollees required under G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.

35 In considering the plan, the Commissioner may require any of the following:

- 36 (1) Insurance to cover the expenses to be paid for enrollee health care services
37 after an insolvency.
38 (2) Provisions in provider contracts that obligate the provider to provide services
39 for the duration of the period after the PHP's insolvency until the PHP's
40 ~~enrollees whose enrollment in a PHP is not voluntary are enrolled in capitated~~
41 contract is terminated by DHHS and all enrollees required under
42 G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.
43 (3) Insolvency reserves.
44 (4) Letters of credit acceptable to the Commissioner.
45 (5) Any other arrangements to assure that health care services are provided to
46 enrollees as specified in this section."
47

48 **PART VI. CHANGE MOTOR VEHICLE DAMAGE APPRAISAL PROVISION TO** 49 **REQUIRE INSURER TO PAY UMPIRE'S EXPENSES WHEN INSURER REJECTS** 50 **UMPIRE'S REPORT**

51 **SECTION 6.** G.S. 20-279.21(d1)(2) reads as rewritten:

"(2) The difference in the claimant's and the insurer's estimate of the diminution in fair market value is greater than two thousand dollars (\$2,000) or twenty-five percent (25%) of the fair market retail value of the vehicle prior to the accident as determined by the latest edition of the National Automobile Dealers Association Pricing Guide Book or other publications approved by the Commissioner of Insurance, whichever is less, then on the written demand of either the claimant or the insurer, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days after the demand. The appraisers shall then appraise the loss. Should the appraisers fail to agree, they shall then select a competent and disinterested appraiser to serve as an umpire. If the appraisers cannot agree upon an umpire within 15 days, either the claimant or the insurer may request that a magistrate resident in the county where the insured motor vehicle is registered or the county where the accident occurred select the umpire. The appraisers shall then submit their differences to the umpire. The umpire then shall prepare a report determining the amount of the loss and shall file the report within 10 days with the insurer and the claimant. The agreement of the two appraisers or the report of the umpire, when filed with the insurer and the claimant, shall determine the amount of the damages. In preparing the report, the umpire shall not award damages that are higher or lower than the determinations of the appraisers. In no event shall appraisers or the umpire make any determination as to liability for damages or as to whether the policy provides coverage for claims asserted. The claimant or the insurer shall have 15 days from the filing of the report to reject the report and notify the other party of such rejection. If the report is not rejected within 15 days from the filing of the report, the report shall be binding upon both the claimant and the insurer. Each appraiser shall be paid by the party selecting the appraiser, and the expenses of appraisal and umpire shall be paid by the parties equally. If the umpire's report is rejected, the cost of the umpire will be borne entirely by the party who rejected the report. For purposes of this section, "appraiser" and "umpire" shall mean a person licensed as a motor vehicle damage appraiser under G.S. 58-33-26 and G.S. 58-33-30 and who as a part of his or her regular employment is in the business of advising relative to the nature and amount of motor vehicle damage and the fair market value of damaged and undamaged motor vehicles."

PART VII. PUBLIC SCHOOL INSURANCE REPORTING CHANGES

SECTION 7.(a) G.S. 115C-523.1 reads as rewritten:

"§ 115C-523.1. Duty to insure public school property.

(a) The local board of education of every local school administrative unit in the public school system of this State, in order to safeguard the investment made in public schools, shall:

- (1) Insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable value, as determined by the insurer and the insured, of each of its insurable buildings against the perils embraced in broad form coverage to include fire, lightning, windstorm, hail, explosion, aircraft or vehicles, riot or civil commotion, smoke, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage.
- (2) Insure and keep insured adequately the equipment and contents of the building.

(3) Provide to the Commissioner of Insurance a list of all of its insurable buildings, the equipment and contents of the buildings, and their insurable values by October 1 of each year.

(b) The tax-levying authority for each local school administrative unit shall appropriate funds necessary for compliance with the provisions of subsection (a) of this section.

(c) Local boards of education may purchase insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." If a local board of education purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building, its equipment, or its contents, the local board of education shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the local board of education shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.

(d) If the Commissioner of Insurance determines that any person has willfully failed to comply with the provisions of subsections ~~(a)-(a), (b), and (b)-(c)~~ of this section, the Commissioner of Insurance may order, for each separate violation, a civil penalty under the procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate violation."

SECTION 7.(b) G.S. 115C-523.2 reads as rewritten:

"§ 115C-523.2. Flood insurance.

(a) The local board of education of every local school administrative unit in the public school system of this State, in order to safeguard the investment made in public schools, shall insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable value, as determined by the insurer and the insured, of each of its insurable buildings against flood when that property is located, or becomes located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal Emergency Management Agency as area that will be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded in any given year. The local board of education shall provide to the Commissioner of Insurance a list of all of its insurable buildings against flood and their insurable values by October 1 of each year.

(b) The tax-levying authority for each local school administrative unit shall appropriate funds necessary for compliance with the provisions of subsection (a) of this section.

(c) Local boards of education may purchase insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." If a local board of education purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building against flood, the local board of education shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the local board of education shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.

(d) If the Commissioner of Insurance determines that any person has willfully failed to comply with the provisions of subsections ~~(a)-(a), (b), and (b)-(c)~~ of this section, the Commissioner of Insurance may order, for each separate violation, a civil penalty under the procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate violation."

SECTION 7.(c) G.S. 115D-58.11 reads as rewritten:

"§ 115D-58.11. Fire and casualty insurance on institutional buildings and contents.

(a) The board of trustees of each institution, in order to safeguard the investment in institutional buildings and their contents, shall:

(1) Insure and keep insured each building owned by the institution to the extent of not less than eighty percent (80%) of the current insurable value, as determined by the insured and insurer, against loss by the perils embraced in broad form coverage to include fire, lightning, windstorm, hail, explosion, aircraft or vehicles, riot or civil commotion, smoke, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, or water damage to institutional buildings and properties.

(2) Insure and keep insured equipment and other contents of all institutional buildings that are the property of the institution or the State or which are used in the operation of the institution.

(3) Provide to the Commissioner of Insurance a list of all of its institution's insurable buildings, the equipment and contents of the buildings, and their insurable values by October 1 of each year.

(b) The tax-levying authority of each institution shall provide the funds necessary for the purchase of the insurance required in subsection (a) of this section.

(c) Boards of trustees may purchase insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." If the board of trustees of an institution purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building, its equipment, or its contents, the board of trustees shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the board of trustees shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.

(d) If the Commissioner of Insurance determines that any person has willfully failed to comply with the provisions of subsections ~~(a)-(a), (b), and (b)-(c)~~ of this section, the Commissioner of Insurance may order, for each separate violation, a civil penalty under the procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate offense violation."

SECTION 7.(d) G.S. 115D-58.11A reads as rewritten:

"§ 115D-58.11A. Flood insurance.

(a) The board of trustees of each institution, in order to safeguard the investment in institutional buildings and their contents, shall insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable value, as determined by the insurer and the insured, of each of its insurable buildings against flood when that property is located, or becomes located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal Emergency Management Agency as area that will be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded in any given year. The board of trustees of each institution shall provide to the Commissioner of Insurance a list of all of its institution's insurable buildings against flood and their insurable values by October 1 of each year.

(b) The tax-levying authority for each institution shall appropriate funds necessary for compliance with the provisions of subsection (a) of this section.

(c) The board of trustees may purchase insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." If the board of trustees of an institution purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building against flood, the board of trustees shall provide the Commissioner with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the board of trustees shall notify the Commissioner within five days of the effective date of the cancellation, termination, or change.

(d) If the Commissioner of Insurance determines that any person has willfully failed to comply with the provisions of subsections ~~(a)-(a), (b), and (b)-(c)~~ of this section, the Commissioner of Insurance may order, for each separate violation, a civil penalty under the procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate violation."

PART VIII. NORTH CAROLINA MANUFACTURED HOUSING BOARD CHANGES

SECTION 8.(a) G.S. 143-143.9 reads as rewritten:

"§ 143-143.9. Definitions.

The following definitions apply in this Part:

...

(3) Code. – Engineering standards entitled State of North Carolina Regulations for Manufactured Homes adopted by the Commissioner.

...

(10a) Qualifier. – An individual taking the examination on behalf of a set-up contractor applicant, who is associated with the applicant and is actively engaged in the work of the applicant.

...."

SECTION 8.(b) G.S. 143-143.15(a) reads as rewritten:

"(a) Manufactured homes shall be set up in accordance with the standards entitled State of North Carolina Regulations for Manufactured Homes adopted by the Commissioner."

SECTION 8.(c) G.S. 143-143.21A(a)(5) is repealed.

SECTION 8.(d) G.S. 143-151(a) reads as rewritten:

"(a) Any person who is found by the Commissioner to have violated the provisions of the Act, this Article, or any rules adopted under this Article, shall be liable for a civil penalty not to exceed ~~one thousand dollars (\$1,000)~~ the amount set by 24 C.F.R. § 3282.10 for each violation. Each violation shall constitute a separate violation for each manufactured home or for each failure or refusal to allow or perform an act required by the Act, this Article, or any rules adopted under this Article. The maximum civil penalty may not exceed ~~one million dollars (\$1,000,000)~~ the amount set by 24 C.F.R. § 3282.10 for any related series of violations occurring within one year after the date of the first violation. In determining the amount of the penalty, the Commissioner shall consider the degree and extent of harm caused by the violation, the amount of money that inured to the benefit of the violator as a result of the violation, whether the violation was willful, and the prior record of the violator in complying or failing to comply with laws, rules, or orders applicable to the violator. The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

PART IX. LONG-TERM CARE INSURANCE TECHNICAL CHANGE UPDATING PHONE NUMBER

SECTION 9. G.S. 58-55-60(7) reads as rewritten:

"(7) A qualified policy issued, executed, and delivered in North Carolina shall be accompanied by a Partnership Disclosure Notice explaining the benefits associated with a qualified policy and indicating that at the time issued, the policy is a qualified long-term care insurance partnership policy in North Carolina. The Partnership Disclosure Notice shall also include a statement indicating that by purchasing this partnership policy, the insured does not automatically qualify for Medicaid. Notices providing additional information may be used in conjunction with the Partnership Disclosure Notice described in this section if filed and approved by the Commissioner. The Notice shall state the following in at least 12-point font:

"Partnership Policy Status: Your long-term care insurance policy is intended to qualify as a Partnership Policy under the North Carolina Long-Term Care Partnership Program as of your policy's effective date. For Medicaid applicants applying for help with the cost of long-term care, this means that an amount of your resources equal to the dollar amount of long-term care insurance benefits paid to you or on your behalf under this policy may be disregarded for purposes of determining your eligibility for long-term care Medicaid and from any subsequent recovery by the State from your estate for payment of Medicaid paid services. The amount that may be disregarded at eligibility will be equal to the amount of the long-term care partnership benefits paid out prior to the time you apply for long-term care Medicaid. As a result, you may qualify for coverage of the cost of your long-term care needs under Medicaid without first being required to substantially exhaust your personal resources. The amount that may be protected from recovery by the State from your estate will be equal to the amount disregarded for purposes of eligibility for long-term care Medicaid. If you are already a recipient of long-term care Medicaid, this policy will not allow a resource disregard or estate recovery resource protection. The purchase of a Partnership Policy does not automatically qualify you for Medicaid.

Please note that this policy may lose long-term care partnership program status if you move to a different state that does not recognize North Carolina's Long-Term Care Partnership Program or you modify this policy after issuance. This policy may also lose long-term care partnership program status due to changes in federal or state laws.

If you have questions regarding long-term care insurance and the North Carolina Long-Term Care Partnership Program, you may contact the Seniors' Health Insurance Information Program of the Department of Insurance at ~~1-800-443-9354.~~ 1-855-408-1212."

In the case of a group insurance contract, this Partnership Disclosure Notice shall be provided to the insured upon the issuance of the certificate. The insurer shall include in that Notice that the amount of the insured's resources that may be disregarded at eligibility will be equal to the amount of qualified long-term care partnership policy benefits paid prior to the time the insured applied for long-term care Medicaid. The insurer shall also include in the notice a warning to the insured that the policy may lose long-term care partnership program status if the insured moves to another state that does not recognize North Carolina's Long-Term Care Partnership Program, or if the policy is modified after issuance."

PART X. CLARIFY EXCEPTION TO UNAUTHORIZED INSURER PROHIBITION

SECTION 10. G.S. 58-28-5(a) reads as rewritten:

"(a) Except as otherwise provided in this section, it is unlawful for any company to enter into a contract of insurance as an insurer or to transact insurance business in this State as set forth in G.S. 58-28-13 without a license issued by the Commissioner. This section does not apply to the following acts or transactions:

...

- (4) Transactions in this State involving group life insurance, group annuities, or group, blanket, or franchise accident and health insurance where the master policy for the insurance was lawfully issued and delivered in a state in which the company was authorized to transact ~~business.~~ business, unless the

1 company has had its license to conduct business in this State suspended or
2 revoked."

3
4 **PART XI. HEALTH CARE SHARING ORGANIZATION CLARIFICATIONS**

5 **SECTION 11.(a)** G.S. 58-49-12 reads as rewritten:

6 **"§ 58-49-12. Exceptions to jurisdiction; faith-based health care sharing organizations.**

7 A faith-based health care sharing organization shall not be subject to the jurisdiction of the
8 Commissioner and shall not be considered to be engaging in the business of providing health
9 care benefits as long as the faith-based health care sharing organization does the following:

- 10 (1) Maintains nonprofit entity status under the Internal Revenue Code.
- 11 (2) Limits its participants to those ~~who share similar interests as defined by the~~
12 ~~organization of a similar faith.~~
- 13 (3) Provides for the financial or medical needs of a participant through
14 contributions from one participant to another in accordance with criteria
15 established by the faith-based health care sharing organization.
- 16 (4) Provides amounts that participants may contribute with no assumption of risk
17 or promise to pay among the participants and no assumption of risk or promise
18 to pay by the faith-based health care sharing organization to the participants.
- 19 (5) Publishes a written monthly statement to all participants that lists the
20 following information:
 - 21 a. The total dollar amount of qualified needs submitted to the faith-based
22 health care sharing organization, as well as the organization.
 - 23 b. The amount published or assigned to participants for their
24 contribution.
 - 25 c. The total payments by members for the previous month.
 - 26 d. The percentage of the total payments applied to administrative
27 expenses.
 - 28 e. The percentage of the total payments applied to the payment of
29 participants' qualified needs.
- 30 (6) Provides a written disclaimer ~~on or accompanying~~ at the beginning of all
31 applications and guideline materials distributed by or on behalf of the
32 organization that reads, in substance, as follows:

33 "NOTICE: THIS IS NOT INSURANCE. The organization facilitating
34 the sharing of medical expenses is not an insurance company and
35 neither its guidelines nor its plan of operation is an insurance policy.
36 Whether anyone chooses to assist you with your medical bills will be
37 voluntary. No other participant will be compelled by law to contribute
38 toward your medical bills. As such, participation in the organization
39 or a subscription to any of its documents should never be considered
40 to be insurance. Regardless of whether you receive any payment for
41 medical expenses or whether this organization continues to operate,
42 you are always personally liable for the payment of your own medical
43 bills."
- 44 (7) Discloses administrative fees and costs to participants.
- 45 (8) Provides that any card issued to a participant for the purpose of presentation
46 to a health care provider clearly indicates that the participant is part of a
47 faith-based health care sharing organization that is not an insurance
48 company."

49 **SECTION 11.(b)** This section becomes effective October 1, 2021, and applies to
50 any faith-based health care sharing organization conducting business on or after that date and any

written statement provided to participants of a faith-based health care sharing organization on or after that date.

PART XII. AMEND STATE OF DISASTER PROVISIONS

SECTION 12. G.S. 58-2-46 reads as rewritten:

"§ 58-2-46. State of disaster automatic stay of proof of loss requirements; premium and debt deferrals; loss adjustments for separate windstorm policies.

(a) Whenever (i) a state of disaster is proclaimed for the State or for an area within the State under G.S. 166A-19.21 or whenever the President of the United States has issued a major disaster declaration for the State or for an area within the State under the Stafford Act, 42 U.S.C. § 5121, et seq., as amended and (ii) if the Commissioner has issued an order declaring subdivisions (1) through (4) of this section effective for the specific disaster:

(1) The application of any provision in an insurance policy insuring real property and its contents that are located within the ~~geographic area~~ designated area in the proclamation or declaration, which provision requires an insured to file a proof of loss within a certain period of time after the occurrence of the loss, shall be stayed for the time period not exceeding the earlier of (i) the expiration of the disaster proclamation or declaration and all renewals of the proclamation or (ii) the expiration of the Commissioner's order declaring ~~subdivisions (1) through (4) of this section effective for the specific disaster, as determined by the Commissioner.~~ a disaster pursuant to this section.

(2) As used in this subdivision, "insurance company" includes a service corporation, HMO, MEWA, surplus lines insurer, and the underwriting associations under Articles 45 and 46 of this Chapter. All insurance companies, premium finance companies, collection agencies, and other persons subject to this Chapter shall give their customers who reside within the ~~geographic area~~ designated area in the proclamation or declaration the option of deferring premium or debt payments that are due during the earlier of (i) [the time period covered by the proclamation or declaration or (ii)] the time period prior to the expiration of the Commissioner's order declaring ~~subdivisions (1) through (4) of this section effective for the specific disaster, as determined by the Commissioner.~~ a disaster pursuant to this section. This deferral period shall be 30 days from the last day the premium or debt payment may be made under the terms of the policy or contract. This deferral period shall also ~~apply to any statute, rule, or other policy or contract provision that imposes a time limit~~ serve to defer any time limits imposed on an insurer, insured, claimant, or customer to perform any act during the time period covered by the proclamation or ~~declaration, including declaration as may be required by any statute, rule, or other policy or contract provision.~~ Included in the deferral of time limits is the transmittal of information, information and communications, with respect to insurance policies or contracts, premium finance agreements, or debt instruments when the insurer, insured, claimant, or customer resides or is located in the ~~geographic area~~ designated areas in the proclamation or declaration. Likewise, the deferral period shall apply to any time limitations imposed on insurers under the terms of a policy or contract or provisions of law related to individuals who reside within the geographic area designated in the proclamation or declaration. Likewise, the deferral period shall apply to any time limitations imposed on insurers under the terms of a policy or contract or provisions of law related to individuals who reside within the geographic area designated in the proclamation or declaration. The deferral of time limits, including the transmittal of information and

communications, applies to all insureds, claimants, or customers and does not require a request to defer. The Commissioner may extend any deferral period in this subdivision, depending on the nature and severity of the proclaimed or declared disaster. No additional rate or contract filing shall be necessary to effect any deferral period.

(2a) In addition to the general requirements set forth in subdivisions (a)(1) and (a)(2), with respect to property and casualty insurance companies and insurance policies that insure customers or policyholders who reside in the designated area in the proclamation or declaration and who have been displaced from their residences, the following provisions shall apply:

a. After a deferral period has expired, all premium payments in arrears under a property and casualty insurance policy or contract shall be due and payable to the insurance company. If the premium payments in arrears are not paid, the insurance company may cancel the insurance policy or contract on or after the twenty-first day following the expiration of the deferral period. All cancellation notice requirements are still applicable under this section.

b. All property and casualty insurance policies or contracts with a properly noticed cancellation for nonpayment effective on or prior to the date the Commissioner has issued an order under this section may be cancelled and such cancellations shall remain valid and effective. All cancellations for nonpayment of insurance policies or contracts scheduled to be effective after the deferral period has commenced must be deferred until the deferral period has expired. If necessary to comply with statute, a cancellation deferred under this subsection must be properly noticed again with an effective date after the expiration of the deferral period. Cancellations for cause that have been properly noticed, including, but not limited to, material misrepresentation or ineligible risk may continue to be processed during the deferral period.

c. All property and casualty insurance policies or contracts with a nonrenewal effective date on or prior to the date the Commissioner has issued an order under this section may be processed. All property and casualty insurance policies or contracts with a properly noticed nonrenewal effective after the commencement of the deferred period shall be deferred until the expiration of the deferral period. A nonrenewal deferred under this subsection shall be properly noticed again with an effective date after the expiration of the deferral period.

d. This subsection shall not apply to property and casualty insurance policies or contracts entered into on or after the date the Commissioner has issued an order declaring this section effective for the specific disaster.

This subdivision shall not apply to premium finance companies.

(3) With respect to health benefit plans, after a deferral period has expired, all premiums in arrears shall be payable to the insurer. If premiums in arrears are not paid, coverage shall lapse as of the date premiums were paid up, and preexisting conditions shall apply as permitted under this Chapter; and the insured shall be responsible for all medical expenses incurred since the effective date of the lapse in coverage.

(4) Repealed by Session Laws 2014-115, s. 39.2, effective August 11, 2014.

(5) In addition to the general requirements set forth in subdivisions (a)(1) and (a)(2), with respect to premium finance companies and premium finance

agreements that have financed property and casualty insurance policies for customers or policyholders who reside in the designated area in the proclamation or declaration and may have been displaced from their residences, the following provisions shall apply:

a. After a deferral period has expired, all payments in arrears under a premium finance agreement shall be due and payable to the premium finance company. If the payments in arrears are not paid, the premium finance company may cancel the premium finance agreement on or after the twenty-first day following the expiration of the deferred period. All cancellation notice requirements are still applicable under this section.

b. All property and casualty insurance policies or contracts that were financed by an insurance premium finance company with a properly noticed cancellation for nonpayment effective on or prior to the date the Commissioner has issued an order under this section may be cancelled and such cancellations shall remain valid and effective.

c. This section shall not apply to premium finance agreements entered into on or after the date the Commissioner has issued an order declaring this section effective for the specific disaster.

(6) All collection agencies, as defined in Article 70 of Chapter 58 of the General Statutes, shall discontinue attempts to collect debt against their customers who reside within the designated area in this proclamation or declaration during the deferral period.

(b) During a public health emergency or other situations that require the citizens of North Carolina to shelter in place, the following provisions shall apply:

(1) All property and casualty insurance companies and premium finance companies subject to this Chapter shall give notice to their customers or policyholders who reside within the designated area in the proclamation or declaration the option of deferring premium payments that are due during the time period covered by the Commissioner's order declaring this section effective for a specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium or debt payment may be made under the terms of the policy or contract or premium finance agreement.

a. Notifications to customers or policyholders by property and casualty insurance companies and premium finance companies shall:

1. Provide notification to their customers or policyholders advising of their right to defer premium and detailing the steps required to defer premium;

2. Allow for deferral requests from customers or policyholders to be communicated verbally or by electronic means. Written requests for deferral shall not be required; and

3. After required notification is provided, nonpayment will result in a cancellation to be effective on or after the twenty-first day following the expiration of the deferral period.

b. After a deferral period has expired, all premium payments in arrears under a property and casualty insurance policy or premium finance agreement shall be due and payable to the insurance company or premium finance company. If the premium payments in arrears are not paid, the property and casualty insurance company or premium finance company may cancel the insurance policies or premium finance

1 agreements that were financed on or after the twenty-first day
2 following the expiration of the deferral period. All cancellation notice
3 requirements are still applicable under this section.

4 c. This section shall not apply to property and casualty insurance policies
5 or contracts entered into on or after the date the Commissioner has
6 issued an order under this section.

7 (2) This subsection does not prohibit property and casualty policy nonrenewals or
8 cancellations during a public health emergency or situation that may require
9 the citizens of North Carolina to shelter in place.

10 (3) All collection agencies as defined in Article 70 of Chapter 58 of the General
11 Statutes shall discontinue attempts to collect debt against their customers who
12 reside within the designated area in the proclamation or declaration during the
13 deferral period.

14 (4) Other than the requirements set forth in this section, for a public health
15 emergency or situation that may require the citizens of North Carolina to
16 shelter in place, the deferral period shall not apply to time limitations imposed
17 by any statute, rule, or other policy or contract provision or to the transmittal
18 of information or communications related to insurance policies, premium
19 finance agreements, or debt instruments.

20 (5) The Commissioner may extend any deferral period in this section, depending
21 on the nature and severity of the proclaimed or declared disaster or event. No
22 additional rate or contract filing shall be necessary to effect any deferral
23 period.

24 (6) With respect to health benefit plans, after a deferral period has expired, all
25 premiums in arrears shall be payable to the insurer. If premiums in arrears are
26 not paid, coverage shall lapse as of the date premiums were paid up, and
27 preexisting conditions shall apply as permitted under this Chapter, and the
28 insured shall be responsible for all medical expenses incurred since the
29 effective date of the lapse in coverage.

30 This subsection shall not apply to situations that involve enemy attack, invasion, insurrection,
31 riot, rebellion, revolution, civil war or commotion, or military or usurped power."

32 33 **PART XIII. CATASTROPHE EDUCATION COURSE FOR OUT-OF-STATE** 34 **ADJUSTERS AND MOTOR VEHICLE DAMAGE APPRAISERS**

35 **SECTION 13.** G.S. 58-33-70(e) reads as rewritten:

36 "(e) The Commissioner may permit an experienced adjuster, who regularly adjusts in
37 another state and who is licensed in the other state (if that state requires a license), to act as an
38 adjuster in this State without a North Carolina license only for an insurance company authorized
39 to do business in this State, for emergency insurance adjustment work, for a period to be
40 determined by the Commissioner, done for an employer who is an adjuster licensed by this State
41 or who is a regular employer of one or more adjusters licensed by this State; provided that the
42 employer shall ~~furnish to the Commissioner a notice in writing immediately upon the beginning~~
43 ~~of any such emergency insurance adjustment work. certify prior to beginning work that the~~
44 adjuster has completed an approved catastrophe education course required by the Commissioner.
45 As used in this subsection, "emergency insurance adjustment work" includes, but is not limited
46 to, (i) adjusting of a single loss or losses arising out of an event or catastrophe common to all of
47 those losses or (ii) adjusting losses in any area declared to be a state of emergency or disaster by
48 the Governor under G.S. 166A-19.20 or G.S. 166A-19.21 or by the President of the United States
49 under applicable federal law."

50 51 **PART XIV. EXPANSION OF PROGRAM ENHANCEMENTS**

SECTION 14. G.S. 58-36-43(a) reads as rewritten:

"(a) Member companies writing private passenger ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private flood insurance under this Article may incorporate optional enhancements to their ~~automobile and homeowners'~~ automobile, homeowners', dwelling, and residential private flood programs as an endorsement to an ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private flood policy issued under this Article if the insurer has filed the proposed enhancement with the Commissioner and if the proposed enhancement is approved by the Commissioner. Any approved optional enhancements shall be considered outside the authority of the Rate Bureau. If the proposed enhancement will include an additional premium charge, the proposed premium charge shall be included with the proposed program enhancements filed with the Commissioner. The Commissioner shall review the proposed premium charges and approve them if the Commissioner finds that they are based on sound actuarial principles. Amendments to private passenger ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private flood program enhancements are subject to the same requirements as initial filings. Neither the acceptance, renewal of a policy, nor any underwriting rating criteria shall be conditioned by a company upon the acceptance by the policyholder of any optional ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private flood enhancements. A rate amendment authorized by this section is not a rate deviation and is not subject to the requirements for rate deviations set forth in G.S. 58-36-30(a)."

PART XV. TRAVEL INSURANCE EXCLUSIONS NOTICE**SECTION 15.** G.S. 58-44B-15 reads as rewritten:**"§ 58-44B-15. Travel protection plans.**

Travel protection plans may be offered for one price for the combined permitted features as defined in G.S. 58-44B-5 if the plan meets all of the following requirements:

- (1) The travel protection plan clearly discloses to the consumer at or prior to the time of purchase that it includes travel insurance, travel assistance services, and cancellation fee waivers as applicable, and provides information and an opportunity at or prior to the time of purchase for the consumer to obtain additional information regarding the features and pricing of each.
- (2) The fulfillment materials:
 - a. Describe and delineate the travel insurance, travel assistance services, and cancellation fee waivers in the travel protection plan.
 - b. Include the travel insurance disclosures and the contact information for persons providing travel assistance services and cancellation fee waivers, as applicable.
 - c. Includes the following language on a separate page, in at least 14-point type, bolded, and all capitalized:
"NOTICE: THIS TRAVEL PROTECTION PLAN CONTAINS MANY EXCLUSIONS TO COVERAGE. YOU SHOULD READ YOUR POLICY, CERTIFICATE OF INSURANCE, AND OTHER DOCUMENTS PROVIDING THIS PLAN'S COVERAGE AND ASSISTANCE DETAILS. IF YOU HAVE QUESTIONS ABOUT WHAT IS COVERED OR NOT COVERED UNDER THIS PLAN, CONTACT THE COMPANY THAT ISSUED THIS PLAN."

PART XVI. EFFECTIVE DATE

SECTION 16. Except as otherwise provided, this act is effective when it becomes law.