

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 85

Short Title: Allow Vision Service Corporations.

(Public)

Sponsors: Senators Corbin, Burgin, and Woodard (Primary Sponsors).

Referred to: Rules and Operations of the Senate

February 15, 2021

A BILL TO BE ENTITLED
AN ACT TO ALLOW VISION SERVICE CORPORATIONS AND TO MAKE TECHNICAL
AND CONFORMING CHANGES TO CHAPTER 58 OF THE GENERAL STATUTES.
The General Assembly of North Carolina enacts:

PART I. ALLOW VISION SERVICE CORPORATIONS

SECTION 1. Part I of Article 65 of Chapter 58 of the General Statutes reads as
rewritten:

"Article 65.

"Dental, Hospital, Medical and Dental-Medical, and Vision Service Corporations.

"Part 1. In General.

**"§ 58-65-1. Regulation and definitions; application of other laws; profit and foreign
corporations prohibited.**

(a) Any corporation organized under the general corporation laws of the State of North
Carolina for the purpose of maintaining and operating a nonprofit ~~hospital or medical or dental~~
dental, hospital, medical, or vision service plan whereby ~~hospital care or medical or dental service~~
dental, hospital, medical, or vision care or services may be provided in whole or in part by the
corporation or by hospitals, physicians, optometrists, or dentists participating in the plan, or
plans, shall be governed by this Article and Article 66 of this Chapter and shall be exempt from
all other provisions of the insurance laws of this State, unless otherwise provided.

~~The term "hospital service plan" as used in this Article includes the contracting for certain
fees for, or furnishing of, hospital care, laboratory facilities, X-ray facilities, drugs, appliances,
anesthesia, nursing care, operating and obstetrical equipment, accommodations or any other
services authorized or permitted to be furnished by a hospital under the laws of the State of North
Carolina and approved by the North Carolina Hospital Association or the American Medical
Association.~~

~~The term "medical service plan" as used in this Article includes the contracting for the
payment of fees toward, or furnishing of, medical, obstetrical, surgical or any other professional
services authorized or permitted to be furnished by a duly licensed physician or other provider
listed in G.S. 58-50-30. The term "medical services plan" also includes the contracting for the
payment of fees toward, or furnishing of, professional medical services authorized or permitted
to be furnished by a duly licensed provider of health services licensed under Chapter 90 of the
General Statutes.~~

~~The term "dental service plan" as used in this Article includes contracting for the payment of
fees toward, or furnishing of dental or any other professional services authorized or permitted to
be furnished by a duly licensed dentist.~~



The term "hospital service corporation" as used in this Article is intended to mean any nonprofit corporation operating a hospital or medical or dental service plan, as defined in this section. Any corporation organized and subject to the provisions of this Article, the certificate of incorporation of which authorizes the operation of either a hospital or medical or dental service plan, or any or all of them, may, with the approval of the Commissioner, issue subscribers' contracts or certificates approved by the Commissioner of Insurance, for the payment of either hospital or medical or dental fees, or the furnishing of such services, or any or all of them, and may enter into contracts with hospitals for physicians or dentists, or any or all of them, for the furnishing of fees or services respectively under a hospital or medical or dental service plan, or any or all of them.

The term "preferred provider" as used in this Article with respect to contracts, organizations, policies or otherwise means a health care service provider who has agreed to accept, from a corporation organized for the purposes authorized by this Article or other applicable law, special reimbursement terms in exchange for providing services to beneficiaries of a plan administered pursuant to this Article.

The term "full service corporation" as used in this Article means any corporation organized under the provisions of this Article that offers a medical service plan or a hospital service plan.

The term "single service corporation" as used in this Article means any corporation organized under the provisions of this Article that offers only a dental service plan.

(a1) With the approval of the Commissioner, any corporation organized and subject to the provisions of this Article, the certificate of incorporation of which authorizes the operation of either a dental, hospital, medical, or vision service plan, or any combination of those plans, may do both of the following:

- (1) Issue subscribers' contracts or certificates for the provision of, or the payment of fees for, dental, hospital, medical, or vision service or care, or any or all of those services or care as applicable.
- (2) Enter into contracts with hospitals, physicians, dentists, optometrists, or any or all of those health care providers, for the provision of, or the payment of fees for, services or care under a dental, hospital, medical, or vision service plan, or any combination of those plans.

(b) through (c) Repealed by Session Laws 2001-297.

(d) No foreign or alien hospital or medical or dental dental, hospital, medical, or vision service corporation as herein defined shall be authorized to do business in this State.

"§ 58-65-1.1. Definitions applicable to this Article.

The following definitions apply in this Article:

- (1) Dental service corporation. – Any nonprofit corporation operating a dental service plan.
- (2) Dental service plan. – A contract for the provision of, or the payment of fees for, dental care or dental services, including any other professional services authorized or permitted to be provided by a duly licensed dentist.
- (3) Full-service corporation. – Any corporation organized under the provisions of this Article that offers a medical service plan or a hospital service plan.
- (4) Hospital service corporation. – Any nonprofit corporation that operates a hospital service plan.
- (5) Hospital service plan. – Any contract for the provision of, or the payment of fees for, hospital care, laboratory facilities, X-ray facilities, drugs, health care appliances, anesthesia, nursing care, operating and obstetrical equipment, or health care accommodations, including any other services permitted to be provided by a hospital under the laws of this State and approved by the North Carolina Hospital Association or the American Medical Association.

- (6) Medical service plan. – Any contract for the furnishing of, or the payment of fees for, any of the following:
- a. Medical, obstetrical, surgical, or any other professional services authorized or permitted to be provided by a duly licensed physician or other provider listed in G.S. 58-50-30.
 - b. Professional medical services authorized or permitted to be provided by a health care provider licensed under Chapter 90 of the General Statutes.
- (7) Preferred provider. – A health care provider who has agreed to accept, from a corporation organized for the purposes authorized by this Article, special reimbursement terms in exchange for providing services to beneficiaries of a full-service plan administered pursuant to this Article.
- (8) Single-service corporation. – Any corporation organized under the provisions of this Article that offers any of the following:
- a. Only a dental service plan.
 - b. Only a vision service plan.
 - c. Both a dental service plan and a vision service plan, but no other plans.
- (9) Vision service corporation. – Any nonprofit corporation operating a vision service plan.
- (10) Vision service plan. – Any contract for the provision of, or the payment of fees for, vision care or vision services, including any other professional services permitted to be provided by a duly licensed optometrist or ophthalmologist.

"§ 58-65-2. Other laws applicable to all service corporations.

The following provisions of this Chapter are applicable to ~~service~~ full-service and single-service corporations that are subject to this Article:

- G.S. 58-2-125..... Authority over all insurance companies; no exemptions from license.
- ...
- G.S. 58-50-290..... Health benefit plans or insurers contracting for the provision of dental services; no limitation on fees for noncovered services.
- G.S. 58-50-300..... Health benefit plans or insurers contracting for the provision of vision services or materials; no limitation on fees for noncovered services or materials.
- G.S. 58-51-15(a)(2)b..... Accident and health policy provisions.
- G.S. 58-51-17..... Portability for accident and health insurance.
- G.S. 58-51-25..... Policy coverage to continue as to children with an intellectual or physical disability or dependent students on medically necessary leave of absence.
- G.S. 58-51-95(h),(i),(j).... Approval by Commissioner of forms, classification and rates; hearings; exceptions.

"§ 58-65-5. Contract for joint assumption or underwriting of risks.

Any full-service or single-service corporation organized or regulated by the provisions of this Article and Article 66 of this Chapter is authorized to enter into ~~such~~ contracts with any other firm or corporation for joint assumption or underwriting of any ~~part or all part, or all,~~ of any risks undertaken upon ~~such~~ terms and conditions as that are approved by the Commissioner of Insurance.

"§ 58-65-10. Premium or dues ~~paid by employer, employee, principal or agent or jointly and severally paid.~~

(a) Any premium or dues charged by a corporation regulated under the provisions of this Article and Article 66 of this Chapter may be paid by the employer, employee, principal, or ~~agent,~~

~~or jointly and severally, agent.~~ The term "employer" as used ~~herein~~ in this section includes counties, municipal corporations, and all departments or subdivisions of the State, county, municipal corporation, and official boards including city and county boards of alcoholic control, together with all others occupying the status of employer and employee, principal and agent.

(b) Any premium or dues charged by a corporation regulated under the provisions of this Article and Article 66 of this Chapter may be paid jointly and severally.

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"§ 58-65-25. Hospital, ~~physician and dentist~~ physician, dentist, and optometrist contracts.

(a) Any full-service corporation organized under this Article may enter into contracts for the rendering of hospital service to any of its subscribers by hospitals approved by the American Medical Association ~~and/or or the North Carolina Hospital Association, and Association.~~

(a1) Any full-service or single-service corporation may enter into contracts for the furnishing provision of, or the payment in whole or in part for, medical and/or dental medical, dental, or vision services rendered to any of its subscribers by duly licensed physicians and/or dentists. physicians, dentists, or optometrists in accordance with this Article.

(a2) All obligations arising under contracts issued by ~~such corporations a full-service or single-service corporation~~ to its subscribers shall be satisfied by payments made (i) directly to the hospitals or hospitals ~~and/or physicians and/or dentists or health care provider~~ rendering ~~such the service, or direct~~ (ii) directly to the subscriber or his, her, or their ~~the subscriber's~~ legal representatives upon the receipt by the corporation from the subscriber of a statement marked paid by the ~~hospital(s) and/or physician(s) and/or dentist(s) or both hospital or hospitals or health care provider~~ rendering ~~such service, and all such payments heretofore made are hereby ratified.~~ the applicable service. Nothing in this section shall be construed to discriminate against hospitals conducted by other schools of medical practice.

(b) All certificates, plans or contracts issued to subscribers or other persons by ~~hospital and medical and/or dental service~~ full-service or single-service corporations operating under this Article shall contain in substance a provision as follows: "After two years from the date of issue of this certificate, contract or plan no misstatements, except fraudulent misstatements made by the applicant in the application for such certificate, contract or plan, shall be used to void said certificate, contract or plan, or to deny a claim for loss incurred or disability (as therein defined) commencing after the expiration of such two-year period."

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"§ 58-65-50. Application for certificate of authority or license.

No corporation subject to the provisions of this Article and Article 66 of this Chapter shall issue contracts for the rendering of ~~hospital or medical and/or dental dental, hospital, medical, or vision~~ service to subscribers, until the Commissioner of Insurance has, by formal certificate or license, authorized it to do so. Application for ~~such a~~ certificate of authority or license shall be made on forms to be supplied by the Commissioner of ~~Insurance, Insurance and~~ containing ~~such any information as he shall deem necessary. required by the Commissioner.~~ Each application for ~~such a~~ certificate of authority or license, ~~as a part thereof shall be accompanied by~~ license shall include duplicate copies of the following documents duly certified by at least two of the executive officers of ~~such the~~ corporation:

- (1) Certificate of ~~incorporation with all amendments thereto~~ incorporation, including any amendments.
- (2) ~~Bylaws with all amendments thereto.~~ Bylaws, including any amendments.
- (3) Each contract executed or proposed to be executed by and between the corporation and any participating ~~hospital, and/or physicians~~ hospital or health care provider under the terms of which ~~hospital and/or medical and/or dental dental, hospital, medical, or vision~~ service is to be furnished to subscribers to the plan.

- (4) Each form of contract, application, rider, and endorsement, issued or proposed to be issued to subscribers to the plan, or in renewal of any of contracts with subscribers to the plan, together with a table of rates charged or proposed to be charged to subscribers for each form of ~~such~~the contract.
- (5) Financial statement of the corporation which shall include the amounts of each contribution paid or agreed to be paid to the corporation for working capital, the name or names of each ~~contributor~~contributor, and the terms ~~or of~~ each contribution.

"§ 58-65-55. Issuance and continuation of license.

(a) Every corporation subject to this Article shall pay to the Commissioner a fee of two hundred fifty dollars (\$250.00) for filing an application for a license. Fee payment shall be contemporaneous with the filing. Before issuing or continuing any ~~such~~ license or certificate under this Article, the Commissioner may make ~~such~~ an examination or investigation as the Commissioner deems expedient. The Commissioner shall issue a license upon the payment of a fee of one thousand five hundred dollars (\$1,500) for a ~~single-service~~single-service corporation or two thousand five hundred dollars (\$2,500) for a ~~full-service~~full-service corporation and upon being satisfied on the following points:

- (1) The applicant is established as a bona fide nonprofit hospital service corporation as defined by this Article and Article 66 of this Chapter.
- (2) The rates charged and benefits to be provided are fair and reasonable.
- (3) The amounts provided as working capital of the corporation are repayable only out of earned income in excess of amounts paid and payable for operating expenses and ~~hospital and medical and/or dental expenses and such reserve as the Department deems adequate, as provided hereinafter.~~dental, hospital, medical, or vision expenses, and the reserve is deemed adequate by the Department.
- (4) ~~That the~~The amount of money actually available for working capital ~~be~~is sufficient to carry all acquisition costs and operating expenses for a reasonable period of time from the date of the issuance of the certificate.

(b) The license shall continue in full force and effect, subject to payment of an annual license continuation fee of one thousand five hundred dollars (\$1,500) for a ~~single-service~~single-service corporation or two thousand five hundred dollars ~~(\$2,500), (\$2,500) for a full-service corporation,~~ subject to all other provisions of subsection (a) of this section and subject to any other applicable provisions of the insurance laws of this State.

"§ 58-65-60. Subscribers' contracts; required and prohibited provisions.

...

(c) Every contract entered into by any ~~such~~ corporation subject to the provisions of this Article and Article 66 of this Chapter with any subscriber ~~thereof~~of the corporation shall be in writing and a certificate stating the terms and conditions ~~thereof~~of the contract shall be furnished to the subscriber to be kept by ~~him~~the subscriber. No such certificate form, other than to group subscribers of groups of 10 or more certificate holders or those issued pursuant to a master group contract covering 10 or more certificate holders shall be made, issued or delivered in this State unless it contains the following provisions, provided, however, groups between five and 10 certificate holders complying with and maintaining eligibility status under regulations approved by the Commissioner of Insurance for group enrollment may be cancelled if ~~such~~the group participation falls below the minimum participation of five certificate holders; or if the group takes other group hospital, medical or surgical coverage:

- (1) A statement of the amount payable to the corporation by the subscriber and the times at which and manner in which ~~such~~the required amount is to be paid; this provision may be inserted in the application rather than in the certificate. ~~Application~~The application need not be attached to the certificate.

- (2) A statement of the nature of the benefits to be furnished and the period during which they will be furnished.
- (3) A statement of the terms and conditions, if any, upon which the contract may be cancelled or otherwise terminated at the option of either party. The statement shall be in the following language:
- a. ~~"Renewability":~~ Renewability. – Any contract subject to the provisions of this subdivision is renewable at the option of the subscriber unless sufficient notice in writing of nonrenewal is mailed to the subscriber by the corporation addressed to the last address recorded with the corporation.
- b. ~~"Sufficient notice"~~ Sufficient notice. – The notice required shall be as follows:
1. During the first year of any ~~such~~ contract, or during the first year following any lapse and reinstatement, or reenrollment, a period of 30 days.
 2. During the second and subsequent years of continuous coverage, a number of full calendar months most nearly equivalent to one fourth the number of months of continuous coverage from the first anniversary of the date of issue or reinstatement or reenrollment, whichever date is more recent, to the date of mailing of ~~such~~ the 30-day notice.
 3. No period of required notice shall exceed two years, and no renewal hereunder shall renew any ~~such~~ contract for any period beyond the required period of notice except by written agreement of the subscriber and corporation.
- c. Modifications, terminations, and cancellations. – The contract may be modified, terminated or cancelled by the corporation at any time at its option, ~~upon~~ upon any of the following:
- ~~a.1.~~ 1. Nonpayment by the subscriber of fees or dues as required.
 - ~~b.2.~~ 2. Failure or refusal by the subscriber to comply with rate or benefit changes approved by the Commissioner under G.S. 58-65-45.
 - ~~c.3.~~ 3. Failure or refusal by the subscriber after 30 days' written notice to subscriber to transfer into ~~hospital, medical, or dental~~ dental, hospital, medical, or vision service plan serving the area to which the subscriber has changed residence and is eligible for or to which corporation is required to transfer by interplan agreement of transfer.
- (4) A statement that the contract includes the endorsement thereon and attached papers, if any, and together with the applications contains the entire contract.
- (5) A statement that if the subscriber defaults in making any ~~payment~~, payment under the contract, then the subsequent acceptance of a payment by the corporation at its home office shall reinstate the contract, but with respect to sickness and injury, only to cover such sickness as may be first manifested more than 10 days after the date of ~~such acceptance~~ acceptance of the payment.

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"§ 58-65-65. Coverage for active medical treatment in tax-supported institutions.

(a) No ~~hospital or medical or dental~~ dental, hospital, medical, or vision service plan, contract, or certificate governed by this Article and Article 66 of this Chapter shall be delivered, issued, executed, or renewed in this State, or approved for issuance or renewal in this State, unless

it provides for the payment of benefits for charges made for medical care rendered by duly licensed State tax-supported institutions on a basis no less favorable than the basis that would apply had the medical care been rendered by any other public or private institution or provider. The term "State tax-supported institutions" includes community mental health centers and other health clinics ~~which that~~ are certified as Medicaid providers.

"§ 58-65-70. Contracts to cover any person possessing the sickle cell trait or hemoglobin C trait.

No ~~hospital, medical, dental, or any health service~~ full-service or single-service corporation governed by this Article and Article 66 of this Chapter shall ~~refuse~~ do either of the following:

- (1) ~~Refuse to issue or deliver any individual or group hospital, dental, medical, vision, or health service contract in this State which it is currently issuing for delivery in this State, and which affords that provides~~ benefits or coverage for any medical health care treatment or service authorized or permitted to be furnished provided by a hospital, clinic, family health clinic, neighborhood health clinic, health maintenance organization, physician, physician's assistant, nurse practitioner or any medical service facility or health care facility, or health care personnel, on account of the fact that the person who is to be insured possesses sickle cell trait or hemoglobin C trait; nor shall any such policy issued and delivered in this State carry trait.
- (2) Issue and deliver a policy that has a higher premium rate or charge on account of the fact that the person who is to be insured possesses sickle cell trait.

"§ 58-65-95. Investments and reserves.

(a) Corporations subject to this Article shall invest in or hold only those assets permitted by Article 7 of this Chapter for life and health insurance companies.

(b) Every such corporation shall accumulate and maintain, in addition to proper reserves for current administrative liabilities and whatever reserves are deemed to be adequate and proper by the Commissioner for unpaid ~~hospital, medical, or dental~~ dental, hospital, medical, or vision bills and unearned membership dues, a special contingent surplus or reserve at the following rates annually of its gross annual collections from membership dues, exclusive of receipts from cost plus plans, until the reserve equals an amount that is three times its average monthly expenditures for claims and administrative and selling expenses:

- | | | |
|-----|---------------------|----|
| (1) | First \$200,000 | 4% |
| (2) | Next \$200,000 | 2% |
| (3) | All above \$400,000 | 1% |

(c) Any ~~such corporation~~ subject to this Article may accumulate and maintain a contingent reserve in excess of the reserve required in subsection (b) of this section, not to exceed an amount equal to six times the average monthly expenditures for claims and administrative and selling expenses.

(d) If the Commissioner finds that special conditions exist warranting an increase or decrease in the reserves or schedule of reserves in subsection (b) of this section, the Commissioner may modify them accordingly. Provided, however, when special conditions exist warranting an increase in the schedule of reserves, the schedule shall not be increased by the Commissioner until a reasonable length of time has elapsed after the Commissioner gives notice of the increase.

"§ 58-65-110. Expenses.

All acquisition expenses in connection with the solicitation of subscribers to ~~such hospital and/or medical and/or dental~~ a dental, hospital, medical, or vision service plan and administration

costs including salaries paid to officers of the corporations, if any, shall at all times be subject to inspection by the Commissioner of Insurance.

...

"§ 58-65-120. ~~Medical, dental and hospital~~ Dental, hospital, medical, and vision service associations and agent to transact business through licensed agents only.

No ~~medical and/or dental or hospital~~ dental, hospital, medical, or vision service association; association, nor any agent of ~~any association~~ the association, shall on behalf of such the association or agent, agent knowingly permit any person not licensed as an agent as ~~provided~~ required by law, to solicit, negotiate for, collect or transmit a premium for a new contract of ~~medical and/or dental or hospital~~ dental, hospital, medical, or vision service certificate or to act in any way in the negotiation for any contract or ~~policy; provided, no policy.~~ No license shall be required of any of the following:

- (1) Persons designated by the association or subscriber to collect or deduct or transmit premiums or other charges for ~~medical and/or dental care or hospital~~ dental, hospital, medical, or vision contracts, or to perform ~~such any~~ acts as may be required for providing coverage for additional persons who are eligible under a master contract.
- (2) An agency office employee acting in the confines of the agent's office, under the direction and supervision of the duly licensed agent and within the scope of ~~such that~~ agent's license, in the acceptance of request for insurance and payment of premiums, and the performance of clerical, stenographic, and similar office duties.

...

"§ 58-65-131. Findings; definitions; conversion plan.

(a) Intent and Findings. – It is the intent of the General Assembly by the enactment of this section, G.S. 58-65-132, and G.S. 58-65-133 to create a procedure for a ~~medical, hospital, or dental service~~ full-service or single-service corporation to convert to a stock accident and health insurance company or stock life insurance company that is subject to the applicable provisions of Articles 1 through 64 of this Chapter. Except as provided ~~herein, in this section,~~ it is not the intent of the General Assembly to supplant, modify, or repeal other provisions of this Article and Article 66 of this Chapter or the provisions of Chapter 55A of the General Statutes ~~(the Statutes, the Nonprofit Corporation Act) Act,~~ that govern other transactions and the procedures relating to ~~such those~~ transactions that apply to corporations governed by the provisions of this Article and Article 66 of this Chapter.

The General Assembly recognizes the substantial and recent changes in market and health care conditions that are affecting these corporations and the benefit of equal regulatory treatment and competitive equality for health care insurers. The General Assembly finds that a procedure for conversion is in the best interest of policyholders because it will provide greater financial stability for these corporations and a greater opportunity for the corporations to remain financially independent. The General Assembly also finds that if a ~~medical, hospital, or dental service~~ full-service or single-service corporation converts to a stock accident and health insurance company or stock life insurance company, the conversion plan must provide a benefit to the people of North Carolina equal to one hundred percent (100%) of the fair market value of the corporation.

(b) Definitions. – ~~As used in~~ The following definitions apply in this section, G.S. 58-65-132, and G.S. 58-65-133:

- (1) ~~"Certificate holder" includes an~~ Certificate holder. – An enrollee, as defined in Article 67 of this Chapter, in a health maintenance plan provided by the corporation or a subsidiary or by the new corporation or a subsidiary.
- (2) ~~"Code" means~~ Code. – Title 26 of the United States Code, the United States Internal Revenue Code of 1986, as amended.

- (3) ~~"Conversion" means the~~ Conversion. – The conversion of a ~~hospital, medical, or dental full-service or single-service~~ service corporation to a stock accident and health insurance company or stock life insurance company subject to the applicable provisions of Articles 1 through 64 of this Chapter.
- (4) ~~"Corporation" means a~~ Corporation. – A ~~dental, hospital, medical, or dental vision~~ service corporation governed by this Article that files or is required to file a plan of conversion with the Commissioner under subsection (d) of this section to convert from a hospital, medical, or dental service corporation to a stock accident and health insurance company or stock life insurance company.
- (5) ~~"Foundation" means a~~ Foundation. – A newly formed tax-exempt charitable social welfare organization formed and operating under section 501(c)(4) of the Code and Chapter 55A of the General Statutes.
- (6) ~~"New corporation" means a~~ New corporation. – A corporation originally governed by this Article that has had its plan of conversion approved by the Commissioner under G.S. 58-65-132 and that has converted to a stock accident and health insurance company or stock life insurance company.

...

"§ 58-65-132. Review and approval of conversion plan; new corporation.

(a) Approval of Plan of Conversion. – The Commissioner shall approve the plan of conversion and issue a certificate of authority to the new corporation to transact business in this State only if the Commissioner finds all of the following:

- (1) The plan of conversion meets the requirements of G.S. 58-65-131, this section, and G.S. 58-65-133.
- (2) Upon conversion, the new corporation will meet the applicable standards and conditions under this Chapter, including applicable minimum capital and surplus requirements.
- (3) The plan of conversion adequately protects the existing contractual rights of the corporation's subscribers and certificate holders to ~~medical or hospital dental, hospital, medical, or vision~~ services and payment of claims for reimbursement for those services.

...

(b) New Corporation. – After issuance of the certificate of authority as provided in subsection (a) of this section, the new corporation shall no longer be subject to this Article and Article 66 of this Chapter but shall be subject to and comply with all applicable laws and regulations applicable to domestic insurers and Chapter 55 of the General Statutes, except that Articles 9 and 9A of Chapter 55 shall not apply to the new corporation. The new corporation shall file its articles of incorporation, as amended and certified by the Commissioner, with the North Carolina Secretary of State. The legal existence of the corporation does not terminate, and the new corporation is a continuation of the corporation. The conversion shall only be a change in identity and form of organization. Except as provided in subdivision (a)(7) of this subsection, all property, assets, rights, liabilities, obligations, interests, and relations of whatever kind of the corporation shall continue and remain in the new corporation. All actions and legal proceedings to which the corporation was a party prior to conversion shall be unaffected by the conversion.

(c) Final Decision and Order; Procedures. – The Commissioner's final decision and order regarding the plan of conversion shall include findings of fact and conclusions of law. Findings of fact shall be based upon and supported by substantial evidence, including evidence submitted with the plan by the corporation and evidence obtained at hearings held by the Commissioner. A person aggrieved by a final decision of the Commissioner approving or disapproving a conversion may petition the Superior Court of Wake County within 30 days thereafter for judicial review. An appeal from a final decision and order of the Commissioner under this section shall be conducted pursuant to G.S. 58-2-75. Chapter 150B of the General Statutes does not apply to

the procedures of G.S. 58-65-131, this section, and G.S. 58-65-133. This subsection does not apply to appeal of an order of the Commissioner issued pursuant to G.S. 58-65-131(c).

(d) Attorney General's Enforcement Authority; Legal Action on Validity of Plan of Conversion. –

(1) Nothing in this Chapter limits the power of the Attorney General to seek a declaratory judgment or to take other legal action to protect or enforce the rights of the public in the corporation.

(2) Any legal action with respect to the conversion must be filed in the Superior Court of Wake County.

...

"§ 58-65-135. Cost plus plans.

(a) Any corporation organized under the provisions of this Article and Article 66 of this Chapter shall be authorized as agent of any other corporation, firm, group, partnership, or association, or any subsidiary or subsidiaries thereof, municipal corporation, State, federal government, or any agency thereof, to administer on behalf of such corporation, firm, group, partnership, or association, or any subsidiary or subsidiaries thereof, municipal corporation, State, federal government, or any agency thereof, any group ~~hospitalization or medical and/or dental~~ dental, hospital, medical, or vision service plan, promulgated by ~~such the~~ corporation, firm, group, partnership, or association, or any subsidiary or subsidiaries thereof, municipal corporation, State, federal government, or any agency thereof, on a cost plus administrative expense basis, ~~provided said~~ only if all of the following apply:

(1) The other corporation, firm, group, partnership, or association, or any subsidiary or subsidiaries thereof, municipal corporation, State, federal government, or any agency thereof shall have had an active existence for at least one year preceding the establishment of ~~such the~~ plan, and was formed for purposes other than procuring ~~such the~~ group ~~hospitalization and/or medical and/or dental~~ dental, hospital, medical, or vision service coverage in a cost plus administrative expense basis, ~~and provided only that administrative basis.~~

(2) Administrative costs of ~~such a the~~ cost plus plan administered by a corporation organized under the provisions of this Article and Article 66 of this Chapter, acting as an agent as ~~herein provided, provided by this section,~~ shall not exceed the remuneration ~~received therefor, and provided further that the~~ received.

(3) The corporation organized under this Article and Article 66 of this Chapter administering ~~such a the~~ cost plus plan shall have no liability to the subscribers or to the hospitals or health care providers for the success or failure, liquidation or dissolution of ~~such the~~ group ~~hospitalization or medical and/or dental~~ dental, hospital, medical, or vision service plan ~~and provided further, that nothing herein contained plan.~~

(b) Nothing in this section shall be construed to require ~~of said that~~ a corporation, firm, group, partnership, or association, or any subsidiary or subsidiaries thereof, municipal corporation, State, federal government, or any agency thereof, ~~conformity conform~~ to the provisions of this Article and Article 66 of this Chapter if ~~such a~~ group hospitalization service plan is administered by a corporation organized under this Article and Article 66 of this Chapter, on a cost plus expense basis.

(c) The administration of any cost plus plans ~~as herein provided as provided for by this~~ section shall not be subject to regulation or supervision by the Commissioner of Insurance.

...

"§ 58-65-150. Construction of Chapter as to single employer plans; associations exempt.

(a) Nothing in this Article and Article 66 of this Chapter shall be construed to affect or apply to ~~hospital or medical and/or dental~~ dental, hospital, medical, or vision service plans which limit their membership to employees and the immediate members of the families of the employees of a single employer or his or its subsidiary or subsidiaries and which plans are operated by such employer of such limited group of the ~~employees; nor shall employees.~~

(b) ~~Nothing in this Article and Article 66 of this Chapter be construed to affect or apply to any nonstock, nonprofit medical service association which was, on January 1, 1943, organized solely for the purpose of, and actually engaged in, the administration of any medical service plan in this State upon contracts and participating agreements with physicians, surgeons, or medical societies, whereby such physicians or surgeons societies that underwrite such the medical service plan by contributing their services to members of such the association upon agreement with such the association as to the schedule of fees to apply and the rate and method of payment by the association from the common fund paid in periodically by the members for medical, surgical and obstetrical care; and such hospital care.~~

(c) ~~All service plans, plans described in subsection (a) of this section and such all medical service associations as are herein specifically described, described in subsection (b) of this section are hereby exempt from the provisions of this Article and Article 66 of this Chapter.~~

(d) The Commissioner of Insurance may require from any ~~such hospital service full-service or single-service plan or medical service association such any information as will necessary to enable him the Commissioner to determine whether such hospital the service plan or medical service association is exempt from the provisions of this Article and Article 66 of this Chapter.~~

"§ 58-65-155. Merger or consolidation, proceedings for.

(a) Mergers and Consolidations Allowed. – Any two or more ~~hospital and/or medical and/or dental~~ dental, hospital, medical, or vision service corporations organized under ~~and/or or~~ subject to the provisions of this Article and Article 66 of this ~~Chapter Chapter~~, as determined by the Commissioner of Insurance ~~may, as shall be specified in the agreement hereinafter required, Insurance may be (i) merged into one of such the constituent corporations, herein designated as the surviving corporation, or may be (ii) consolidated into a new corporation to be formed by the means of such consolidation of the constituent corporations, which new corporation is herein designated as the resulting or consolidated corporation, and the directors and/or directors, the trustees, or a majority of them, directors or trustees, of such the merging or consolidating corporations as desire to consolidate or merge, may enter into an agreement signed by them and under the corporate seals of the respective corporations, prescribing the corporations.~~

(b) Written Agreement Required. – The terms of any merger or consolidation allowed under this section shall be contained in a written agreement. All written agreements shall contain the following:

(1) The terms and conditions of the consolidation or merger, the merger.

(2) The mode of carrying the same consolidation or merger into effect and stating such other effect.

(3) Any facts as can be stated in the case of a consolidation or merger, stated in such altered form as the circumstances of the case require, and with such and other details as to conversion of certificates of the subscribers as are deemed necessary and/or or proper.

(c) ~~Said agreement~~ Notice of Agreement. – Agreements for any merger or consolidation allowed under this section shall be submitted to the certificate holders of each constituent corporation, at a separate meeting thereof, called for the purpose of taking the same consolidation or merger into consideration; of the time, consideration. Notice of place and object of which subject of the meeting due notice shall be required and shall meet all of the following requirements:

(1) ~~The notice shall be given by publication once a week for two consecutive weeks in some newspaper published in Raleigh, North Carolina, and in the counties in which the principal offices of the constituent corporations are located, and if no such located.~~ If there is no paper is published in the county of the principal office of ~~such the~~ constituent corporations, then ~~said the~~ required notice shall be posted at the courthouse door of ~~said the applicable~~ county or counties for a period of two weeks.

(2) ~~Said The~~ required printed or posted notices shall be in ~~such a~~ form and of ~~such a~~ size as the Commissioner of Insurance may approve.

(3) A true copy of ~~said the required~~ notices shall be filed with the Commissioner of Insurance.

(4) ~~Such The~~ publication and filing of notices shall be completed at least 15 days prior to the date set ~~therein~~ for the meeting, and due proof thereof shall be filed with the Commissioner of Insurance at least 10 days prior to the date of ~~such the~~ meeting.

(d) Meeting to Adopt Agreement. – At ~~this the~~ meeting required for an agreement for any merger or consolidation allowed under this section, those present in person or represented by proxy shall constitute a quorum and ~~said the agreement for consolidation or merger shall be considered and voted upon by ballot in person or by proxy or both taken for the adoption or rejection of the same; and if same.~~ If the votes of two thirds of those at ~~said the~~ meeting voting ~~in person or by proxy~~ shall be for the adoption of the ~~said~~ agreement, then that fact shall be certified on ~~said the~~ agreement by the president and secretary of each ~~such~~ corporation, under the seal ~~thereof of each corporation.~~

The adopted and certified agreement so adopted and certified shall be signed by the president or vice-president and secretary or assistant secretary of each of ~~such corporations corporation~~ under the corporate seals ~~thereof~~ and acknowledged by the president or vice-president of each ~~such~~ corporation before any officer authorized by the laws of this State to take acknowledgement of deeds to be the respective act, deed, and agreement of each of ~~said the~~ corporations.

(e) The said Commissioner Approval of Merger or Consolidation Agreements. – In advance of any merger or consolidation allowed under this section, the agreement shall be submitted to and approved by the Commissioner of Insurance, ~~in advance of the merger or consolidation and his approval thereof~~ Insurance for approval. The Commissioner's approval shall be indicated by his or her signature being affixed ~~thereto to the agreement~~ under the seal of ~~his the~~ office.

The Commissioner shall not approve any ~~such consolidation or merger agreement or plans,~~ unless, after a hearing, ~~he the~~ Commissioner finds that it is fair, equitable to certificate holders and members, consistent with law, and will not conflict with the public interest.

(f) The agreement so certified Filing of Agreement With Secretary of State. – Certified and acknowledged agreements for mergers or consolidations allowed under this section with the approval of the Commissioner of Insurance noted thereon, shall be filed in the office of the Secretary of State, ~~and shall thenceforth be taken and~~ State. The agreement on file shall be deemed to be the agreement and act of consolidation or merger of ~~said corporations; and a the corporations.~~ A copy of ~~said the~~ agreement and act of consolidation or merger duly certified by the Secretary of State under the seal of ~~his the~~ office shall also be ~~recorded, recorded~~ in the office of the register of deeds of the county of this State in which the principal office of the surviving or consolidated corporation is, or is to be established, and in the office of the registers of deeds of the counties of this State in which the respective corporations so merging or consolidating shall have their original certificates of incorporation recorded, and also in the office of the register of deeds in each county in which either or any of the corporations entering into merger or consolidation owns any real ~~estate; and such estate.~~ This record, or a certified copy ~~thereof, of the record,~~ shall be evidence of the agreement and act of consolidation or merger of ~~said the~~

1 applicable corporations, and of the observance and performance of all acts and conditions
2 necessary to have been observed and performed precedent to ~~such-the~~ consolidation or merger.

3 For the filing of the agreement as provided for by this subsection, the Secretary of State is
4 entitled to receive such fees only in the amount that would have been received had a new
5 corporation been formed.

6 (g) Effect of Filing and Recording. – When an agreement shall have been signed,
7 authorized, adopted, acknowledged, approved, and filed and recorded ~~as hereinabove set forth in~~
8 ~~this as required by this~~ section, for all purposes of the laws of this State, the separate existence
9 of all constituent corporations, parties to ~~said-the~~ agreement, or of all ~~such-of the~~ constituent
10 corporations, except the one into which the other or others of ~~such-the~~ constituent corporations
11 have been merged, as the case may be, shall cease and the constituent corporations shall become
12 a new corporation, or be merged into one of ~~such-the~~ corporations, as the case may be, in
13 accordance with the provisions of ~~said-the~~ filed and recorded agreement, possessing all the rights,
14 privileges, powers and franchises as well of a public as of a private nature, of each of ~~said-the~~
15 constituent corporations, and all and singular, the rights, privileges, powers and franchises of
16 each of ~~said-the~~ corporations, and all property, real, personal and mixed, and all debts due to any
17 of ~~said-the~~ constituent corporations on whatever account, shall be vested in the corporation
18 resulting from or surviving such consolidation or merger, and all property, rights, privileges,
19 powers, and franchises and all and every other interest shall be thereafter as effectually the
20 property of the resulting or surviving corporation as they were of the several and respective
21 constituent corporations, and the title to any real estate, whether vested by deed or otherwise,
22 under the laws of this State, vested in any ~~such-~~constituent corporations shall not revert or be in
23 any way impaired by reason of ~~such-~~consolidation or merger; provided, however, that all rights
24 of creditors and all liens upon the property of either of or any of ~~said-the~~ constituent corporations
25 shall be preserved, unimpaired, limited in lien to the property affected by ~~such-any~~ lien at the
26 time of the merger or consolidation, and all debts, liabilities, and duties of the respective
27 constituent corporations shall thenceforth attach to ~~said-the~~ resulting or surviving corporation,
28 and may be enforced against it to the same extent as if ~~said-the~~ debts, liabilities, and duties had
29 been incurred or contracted by it; and further provided that notice of any ~~said-~~liens, debts,
30 liabilities, and duties is given in writing to the resulting or surviving corporation within six
31 months after the date of the filing of the agreement of merger in the office of the Secretary of
32 State. All ~~such-applicable~~ liens, debts, liabilities, and duties of which notice is not given as
33 ~~provided herein required by this subsection~~ are forever barred. The certificate of incorporation
34 of the surviving corporation shall be deemed to be amended to the extent, if any, that the changes
35 in its certificates of incorporation are stated in the agreement of merger. All certificates
36 theretofore issued and outstanding by each constituent corporation in good standing upon the
37 date of the filing of ~~such-the~~ agreement with the Secretary of State without reissuance thereof by
38 the resulting or surviving corporation shall be the contract and agreement of the resulting or
39 surviving corporation with each of the certificate holders thereof and subject to all terms and
40 conditions thereof and of the agreement of merger filed in the office of the Secretary of State.

41 Any action or proceeding pending by or against any of the corporations consolidated or
42 merged may be prosecuted to judgment as if such consolidation or merger had not taken place,
43 or the corporations resulting from or surviving ~~such-the~~ consolidation or merger may be
44 substituted in its place.

45 (h) Liability. – The liability of ~~such-the~~ constituent corporations to the certificate holders
46 thereof, and the rights or remedies of the creditors thereof, or persons doing or transacting
47 business with ~~such-the~~ corporations, shall not, in any way, be lessened or impaired by the
48 consolidation or merger of two or more ~~of such-~~corporations under the provisions of this section,
49 except as provided in this section.

50 (i) Power and Authority of New or Surviving Corporation. – When two or more
51 corporations are consolidated or merged, the corporation resulting from or surviving ~~such-the~~

consolidation or merger shall have the power and authority to continue any contracts which any of the constituent corporations might have elected to continue. All contracts entered into between any constituent corporations and any other persons shall be and become the contract of the resulting corporations according to the terms and conditions of said contract and the agreement of consolidation or merger.

~~For the filing of the agreement as hereinabove provided, the Secretary of State is entitled to receive such fees only as he would have received had a new corporation been formed.~~

(j) Objection to Merger or Consolidation. – Any agreement for merger ~~and/or or~~ consolidation as shall conform to the provisions of this section, shall be binding and valid upon all the subscribers, certificate holders ~~and/or and~~ members of ~~such the~~ constituent corporations, provided only that any subscriber, certificate holder ~~and/or or~~ member who shall so indicate ~~his~~ a disapproval thereof of the consolidation or merger to the resulting, ~~consolidated consolidated,~~ or surviving corporation within 90 days after the filing of ~~said required~~ agreement with the Secretary of State shall be entitled to receive all unearned portions of premiums paid on his or her certificate from and after the date of the receipt of the application ~~therefor~~ by the resulting, surviving, or consolidated ~~corporation; each Corporation.~~ Each subscriber, certificate holder ~~and/or holder, or member~~ who shall not so indicate his or her disapproval of ~~said the required~~ agreement and ~~said the merger or consolidation~~ within ~~said the required~~ period of 90 days is deemed and presumed to have approved ~~said the~~ agreement and ~~said the~~ merger ~~and/or or~~ consolidation and shall have waived his or her right to question the legality of ~~said the~~ merger ~~and/or or~~ consolidation.

(k) Prohibition on Compensation. – No director, officer, subscriber, certificate holder ~~and/or holder, or member~~ as ~~such of any such corporation, corporation~~ entering into an agreement under this section, except as is expressly provided by the plan of merger or consolidation, shall receive any fee, commission, other compensation or valuable consideration whatever, for in any manner aiding, promoting or assisting in the merger or consolidation.

"§ 58-65-165. Commissioner of Insurance determines corporations exempt from this Article and Article 66 of this Chapter.

The Commissioner of Insurance may require from any corporation writing ~~any hospital service contracts and any corporation writing medical and/or dental dental, hospital, medical, or vision~~ service contracts or any or all of them, ~~such any~~ information ~~as that~~ will enable ~~him the~~ Comissioner to determine whether ~~such the~~ corporation is subject to the provisions of this Article and Article 66 of this Chapter."

PART II. TECHNICAL AND CONFORMING CHANGES

SECTION 2. G.S. 58-65-166(b)(1) reads as rewritten:

"(1) "Corporation" includes any not for profit domestic dental, hospital, medical, or ~~dental-vision~~ service corporation, or successor of a corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction."

SECTION 3.(a) The title of Article 66 of Chapter 58 of the General Statutes reads as rewritten:

"Article 66.

"Dental, Hospital, Medical and Dental Medical, and Vision Service Corporation Readable Insurance Certificates Act."

SECTION 3.(b) G.S. 58-66-1 reads as rewritten:

"§ 58-66-1. Title.

This Article is known and may be cited as the ~~"Hospital, Medical and Dental "~~"Dental, Hospital, Medical, and Vision Service Corporation Readable Insurance Certificates Act."

SECTION 3.(c) G.S. 58-66-35 reads as rewritten:

"§ 58-66-35. Application to policies; dates.

(a) The filing requirements of G.S. 58-66-30 apply to all subscribers' contracts of dental, hospital, medical, and dental-vision service corporations as described in G.S. 58-65-60(a) and (b) that are made, issued, amended or renewed after July 1, 1983.

(b) Repealed by Session Laws 1995, c. 193, s. 58, effective June 7, 1995."

SECTION 4. G.S. 58-38-35(a)(2) reads as rewritten:

"(2) To all policies of life insurance as described in Article 58 of this Chapter, to all benefit certificates issued by fraternal orders and societies as described in Articles 24 and 25 of this Chapter, to all policies of accident and health insurance as described in Articles 50 through 55 of this Chapter, to all subscribers' contracts of dental, hospital, medical, and dental-vision service corporations as described in Articles 65 and 66 of this Chapter, and to all health maintenance organization evidences of coverage as described in Article 67 of this Chapter, that are made, issued, amended, or renewed after July 1, 1983."

SECTION 5. G.S. 58-49-25(a) reads as rewritten:

"(a) Any production agency or administrator that advertises, sells, transacts, or administers the coverage in this State described in G.S. 58-49-5 and that is required to submit to an examination by the Commissioner under G.S. 58-49-15, shall, if said coverage is not fully insured or otherwise fully covered by an admitted life, accident, health, accident and health, or disability insurer, nonprofit hospital, medical, ~~or dental-dental~~, or vision service plan, or nonprofit health care plan, clearly and distinctly advise every purchaser, prospective purchaser, and covered person of such lack of insurance or other coverage."

SECTION 6.(a) G.S. 58-50-5(a) reads as rewritten:

"(a) On and after January 1, 1956, each individual or family accident, health, hospitalization policy, certificate or service plan of ~~hospitalization and medical and/or dental~~ dental, hospital, medical, or vision service corporations shall be issued only on application in writing signed by the insured or the head of the household or guardian. Any application or enrollment form that is taken by a resident agent shall also contain the certificate of the agent that ~~he-the agent~~ has truly and accurately recorded on the application or enrollment form the information supplied by the insured. Every policy subject to the provisions of this section shall contain ~~as a part of such policy~~ the original or a reproduction of the application required by this section. This section shall not apply to travel or dread disease policies or to policies issued pursuant to a group insurance conversion privilege. If any ~~such-policy~~ to which this section applies delivered or issued for delivery to any person in this State shall be reinstated or renewed, and the insured or the beneficiary or assignee of ~~such-the~~ policy shall make written request to the insurer for a copy of the ~~application, if any,~~ application for ~~such-the~~ reinstatement or renewal, then the insurer shall within 15 days after the receipt of ~~such-that~~ request at ~~his-the~~ insurer's home office or any branch office of the insurer, deliver or mail to the person making ~~such-the~~ request, a copy of ~~such-the~~ requested application. If ~~such-the~~ copy shall not be so delivered or mailed, the insurer shall be precluded from introducing ~~such-the~~ application as evidence in any action or proceeding based upon or involving ~~such-the~~ policy or its reinstatement or renewal."

SECTION 6.(b) G.S. 58-50-45 reads as rewritten:

"§ 58-50-45. Group health or life insurers to notify insurance fiduciaries of obligations.

(a) Upon the issuance or renewal of any policy, contract, certificate, or evidence of coverage of group health or life insurance, the insurer, corporation, or health maintenance organization shall give written notice to the insurance fiduciary of the provisions of G.S. 58-50-40.

(b) The notice required by subsection (a) of this section shall be printed in 10 point type and shall read as follows:

"UNDER NORTH CAROLINA GENERAL STATUTE SECTION 58-50-40, NO PERSON, EMPLOYER, PRINCIPAL, AGENT, TRUSTEE, OR THIRD PARTY ADMINISTRATOR,

1 WHO IS RESPONSIBLE FOR THE PAYMENT OF GROUP HEALTH OR LIFE
2 INSURANCE OR GROUP HEALTH PLAN PREMIUMS, SHALL: (1) CAUSE THE
3 CANCELLATION OR NONRENEWAL OF GROUP HEALTH OR LIFE INSURANCE,
4 HOSPITAL, MEDICAL, ~~OR DENTAL~~ DENTAL, OR VISION SERVICE CORPORATION
5 PLAN, MULTIPLE EMPLOYER WELFARE ARRANGEMENT, OR GROUP HEALTH
6 PLAN COVERAGES AND THE CONSEQUENTIAL LOSS OF THE COVERAGES OF THE
7 PERSONS INSURED, BY WILLFULLY FAILING TO PAY THOSE PREMIUMS IN
8 ACCORDANCE WITH THE TERMS OF THE INSURANCE OR PLAN CONTRACT, AND
9 (2) WILLFULLY FAIL TO DELIVER, AT LEAST 45 DAYS BEFORE THE TERMINATION
10 OF THOSE COVERAGES, TO ALL PERSONS COVERED BY THE GROUP POLICY A
11 WRITTEN NOTICE OF THE PERSON'S INTENTION TO STOP PAYMENT OF
12 PREMIUMS. THIS WRITTEN NOTICE MUST ALSO CONTAIN A NOTICE TO ALL
13 PERSONS COVERED BY THE GROUP POLICY OF THEIR RIGHTS TO HEALTH
14 INSURANCE CONVERSION POLICIES UNDER ARTICLE 53 OF CHAPTER 58 OF THE
15 GENERAL STATUTES AND THEIR RIGHTS TO PURCHASE INDIVIDUAL POLICIES
16 UNDER THE FEDERAL HEALTH INSURANCE PORTABILITY AND
17 ACCOUNTABILITY ACT AND UNDER ARTICLE 68 OF CHAPTER 58 OF THE
18 GENERAL STATUTES. VIOLATION OF THIS LAW IS A FELONY. ANY PERSON
19 VIOLATING THIS LAW IS ALSO SUBJECT TO A COURT ORDER REQUIRING THE
20 PERSON TO COMPENSATE PERSONS INSURED FOR EXPENSES OR LOSSES
21 INCURRED AS A RESULT OF THE TERMINATION OF THE INSURANCE.""
22

23 PART III. EFFECTIVE DATE

24 SECTION 7. This act is effective when it becomes law and applies to contracts
25 issued, amended, or renewed on or after October 1, 2021.