

**§ 58-42-5. Purposes, contents, and operation of risk sharing plans.**

- (a) Each plan promulgated or prepared pursuant to G.S. 58-42-1 shall:
  - (1) Give consideration to:
    - a. The need for adequate and readily accessible coverage;
    - b. Optional methods of improving the market affected;
    - c. The inherent limitations of the insurance mechanism;
    - d. The need for reasonable underwriting standards; and
    - e. The requirement of reasonable loss prevention measures;
  - (2) Establish procedures that will create minimum interference with the voluntary market;
  - (3) Distribute the obligations imposed by the plan, and any profits or losses experienced by the plan, equitably and efficiently among the participating insurers; and
  - (4) Establish procedures for applicants and participants to have their grievances reviewed by an impartial body. The filing and processing of a grievance pursuant to this subdivision does not stay the requirement for participation in a plan mandated by G.S. 58-42-10.
- (b) Each plan may, on behalf of its participants:
  - (1) Issue policies of insurance to eligible applicants;
  - (2) Underwrite, adjust, and pay losses on insurance issued by the plan;
  - (3) Appoint a service company or companies to perform the functions enumerated in this subsection; and
  - (4) Obtain reinsurance for any part or all of its risks. (1986, Ex. Sess., c. 7, s. 1; 1999-114, s. 1.)