

§ 58-65-181. Operation of nonprofit holding corporation and subsidiaries.

(a) Except as provided in this Part, a nonprofit holding corporation shall not be subject to this Article or Article 66 of this Chapter.

(b) The following shall apply to a nonprofit holding corporation upon and after a reorganization:

- (1) The nonprofit holding corporation shall remain a nonprofit corporation subject to Chapter 55A of the General Statutes with no members. The nonprofit holding corporation shall remain the ultimate controlling person of the hospital service corporation. The nonprofit holding corporation shall support the purposes of the hospital service corporation such that at all times all or substantially all of the net worth of the nonprofit holding corporation, as determined by generally accepted accounting principles, other than its investment portfolio held in the ordinary course of business, shall be invested in insurance companies or other affiliates or subsidiaries that (i) engage in operations permitted pursuant to G.S. 58-19-10(a), (ii) contribute to the health needs of customers, subscribers, or the people of this State, including those in rural communities of this State, or (iii) promote affordability, access, better health, or customer experience. The Commissioner may waive the foregoing restriction upon a showing of good cause. Other than as set forth in this subdivision, the nonprofit holding corporation's investments in affiliates and subsidiaries shall not be subject to any of the restrictions set forth in G.S. 58-19-10. This subdivision shall not apply if a plan of conversion of the hospital service corporation is approved pursuant to G.S. 58-65-131, 58-65-132, or 58-65-133.
- (2) The nonprofit holding corporation and its direct or indirect subsidiaries that are not hospital service corporations or subsidiaries of hospital service corporations are not subject to G.S. 58-65-131, 58-65-132, or 58-65-133, and the actions of the nonprofit holding corporation and such subsidiaries will not constitute or require a conversion of the hospital service corporation under those sections or any other law of this State.
- (3) The nonprofit holding corporation and its subsidiaries shall automatically be a party to any delinquency proceeding under Article 30 of this Chapter involving a hospital service corporation which, as a result of a reorganization, is a subsidiary of the nonprofit holding corporation. In any delinquency proceeding under Article 30 of this Chapter involving the hospital service corporation, the assets of the nonprofit holding corporation are deemed to be assets of the estate of the hospital service corporation for purposes of satisfying the claims of the hospital service corporation's subscribers. The nonprofit holding corporation shall not dissolve or liquidate without the approval of the Commissioner or as ordered by the court pursuant to Article 30 of this Chapter.
- (4) The nonprofit holding corporation shall file annually with the Commissioner by June 1 of each year consolidated audited financial statements for the nonprofit holding corporation for the preceding calendar year. The nonprofit holding corporation shall also file annually with this financial statement executive compensation information for its Chief Executive Officer, Chief Financial Officer, and the next eight highest paid executive officers.
- (5) The nonprofit holding corporation shall file annually with the Commissioner by June 1 of each year a report describing the nonprofit holding corporation's strategic investment activities for the preceding calendar year.

(c) The governing board of the nonprofit holding corporation shall be comprised solely of individuals on the governing board of the hospital service corporation. No equity or ownership interest in the nonprofit holding corporation or any of its subsidiaries shall be granted to any executive officer or any member of the governing board of the nonprofit holding corporation or the hospital service corporation.

(d) The Commissioner is empowered to exercise the authority provided under G.S. 58-2-40 and G.S. 58-2-60 for purposes of enforcing the nonprofit holding corporation's compliance with this Part. (2023-33, s. 1.)