Insurance

See full summary documents for additional detail

Direct Department of Insurance and the Office of State Fire Marshal to Lease State-Owned Property – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32.1

Section 32.1 of S.L. 2026-41 (Senate Bill 257), as amended by Section 7.11 of S.L. 2026-61, requires the following:

- The Department of Insurance (DOI) must seek State-owned property to lease office space when its current private lease ends.
- DOI must seek to renew its current lease for a one-year period if it cannot find an adequate State-owned property to lease by September 30, 2028.
- No later than March 1, 2027, DOI must report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division listing all State-owned buildings with adequate capacity to house DOI.
- The Office of the State Fire Marshal (OSFM) must seek State-owned property to lease office space when its current private lease ends.
- OSFM must seek to renew its current lease for a one-year period if it cannot find an adequate State-owned property to lease by October 31, 2026.
- No later than March 1, 2027, OFSM must report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division listing all State-owned buildings with adequate capacity to house OSFM.

This section became effective July 7, 2026.

Study Insurance Program For Child Care Providers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32.2

Section 32.2 of S.L. 2026-41 (Senate Bill 257) requires the Department of Insurance (DOI) to study the feasibility of establishing liability insurance coverage for North Carolina child care providers and, no later than May 1, 2027, report to the Joint Legislative Oversight Committee on General Government with the findings of the study. Of the funds appropriated in the act from the General Fund to DOI, $350,000 in nonrecurring funds for the 2026-2027 fiscal year must be used to conduct the study. In conducting the study, DOI must do the following:

- Collect loss data and operational information from child care providers statewide.

- Evaluate the viability of a program that is designed primarily to provide general liability coverage, including a focus on sexual abuse and molestation coverage.
- Determine the amount of public funding needed to initially capitalize the insurer and explore potential alternative solutions to that funding.
- Analyze the conditions in traditional, excess and surplus, and unauthorized foreign reinsurance markets.
- Determine whether commercial insurance carriers would be willing to participate in this program.
- Recommend a design for the most viable program for North Carolina child care providers.
- Identify any legislative changes necessary to implement any recommendations contained within the report.

The Department of Health and Human Services must cooperate with DOI, and any entity that DOI has contracted with, to supply any information necessary to do the study.

This section became effective July 1, 2026.

Require Payment Of Motor Vehicle Damage Claim Within 10 Days – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32.3

Section 32.3 of S.L. 2026-41 (Senate Bill 257) requires auto insurers to mail or deliver payments for covered claims within 10 business days of settling the claim.

This section becomes effective October 1, 2026, and applies to claims arising on or after that date.

Workers' Compensation Fund for Certain Safety Workers – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.2

Section 32A.2 of S.L. 2026-41 (Senate Bill 257) requires the Office of the State Marshal's annual actuarial study to calculate how much revenue from the State and member premiums would be required to meet the needs of the workers' compensation fund for certain safety workers under the following scenario: setting member premiums, by job classification, at the lowest amount needed to maintain the fund's cash balance at the optimal amount determined by the actuary.

This section became effective July 1, 2026.

Volunteer Fire Department Fund Modifications – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.3

Section 32A.3 of S.L. 2026-41 (Senate Bill 257) increases the maximum grant amount from the Volunteer Fire Department Fund from $40,000 to $50,000 for equipment purchases and $100,000 for all other eligible purchases. The Volunteer Fire Department Fund provides matching grants to volunteer fire departments to purchase equipment and make capital improvements.

This section became effective July 1, 2026, and applies to grants applied for on or after that date.

State Public Education Property Insurance Fund Modification – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 32A.4

Section 32A.4 of S.L. 2026-41 (Senate Bill 257) extends the authority of public education boards to insure public education property titled to the board by also authorizing boards to insure public education property titled to the county or unit of local government where the board is located.

This section became effective July 1, 2026.

Add the Insurance Regulatory Charge to the Gross Premiums Tax Rate – 2026 Appropriations Act.

SL 2026-41 (S257), Sec. 44.5

Section 44.5 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6 of S.L. 2026-58 (House Bill 562) and expanded upon by Section 7.13 of S.L. 2026-61 (House Bill 268), changes the flow of funding for the Department of Insurance (Department). Currently, an annual Insurance Regulatory Charge (Charge) is levied on each insurance company, other than a captive insurance company, at the rate of 6.5% of a company's premium tax liability. The proceeds of the Charge are credited to the Insurance Regulatory Fund (Fund), which is used to reimburse the General Fund for various appropriations that support the operations of the Department.

This section eliminates the Charge and offsets the elimination by increasing the insurance premiums tax rates of the insurance companies subject to the Charge by a percentage equal to the Charge. It also eliminates the reimbursement of operating costs from the Fund to the General Fund. The effect of this section is to shift special fund revenue to the General Fund. The increased tax rates are as follows:

- Worker's Compensation: 2.6625% (previously 2.5%, a 6.5% increase)
- Prepaid health plans: 2.0235% (previously 1.9%, a 6.5% increase)
- Other insurance contracts: 2.0235% (previously 1.9%, a 6.5% increase)

To spend down the balance in the Fund, this section allows the Department to continue using available funds that were collected and placed in the Fund prior to January 1, 2027, for any of the allowable purposes set out in G.S. 58-6-25(d) prior to its amendment by this section. Moreover, Section 7.13 of S.L. 2026-61 explicitly authorizes the Department to use up to one million two hundred thousand ($1,200,000) in nonrecurring funds from the available cash balance of the Fund for legal expenses incurred by the Department, which is an approved use of the Fund prior to its modification.

Section 44.5 of S.L. 2026-41 (Senate Bill 257), as amended by Section 6 of S.L. 2026-58 (House Bill 562), is effective for taxable years beginning on or after January 1, 2027, and applies to funds collected for those taxable years. For amounts collected from the Charge after January 1, 2027, but attributable to taxable years beginning before that date, those funds must be placed in the Fund and used for the designated Fund purposes prior to the modifications by this section. Section 7.13 of S.L. 2026-61 is also effective January 1, 2027.

Provide Additional Time to Respond to Insurance Lapse Notices – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 5

Section 5 of S.L. 2026-46 (House Bill 1094) increases the amount of time a vehicle owner has to respond to the notice from the Division of Motor Vehicles of an insurance lapse from 10 days to 30 days.

This section becomes effective October 1, 2026, and applies to notices issued on or after that date.

Raise Insurance Minimums for Taxicabs Operating at International Airports and Require Designation as Insurance Certificate Holders – Ferry Division Audit/Department of Transportation Omnibus.

SL 2026-46 (H1094), Sec. 23

Section 23 of S.L. 2026-46 (House Bill 1094) provides for the following additional statutory insurance requirements for taxis permitted to operate at international airports: (i) liability insurance in the amount of $1 million per occurrence, (ii) proof of financial responsibility must be provided to the airport at which the taxi business is permitted, and (iii) the airport must be designated on the policy for purposes of receiving notices concerning the policy.

Taxis are currently licensed and regulated locally in the jurisdictions in which they operate. Currently, taxis file proof of financial responsibility with the local government at limits set by statute. Local authorities may provide for additional requirements.

This section became effective July 1, 2027.

Department of Insurance Licensing Programs. – General Statutes Commission Update Funeral Board and Department of Insurance Licensing.

SL 2026-48 (S857), Part III

Part III of S.L. 2026-48 (Senate Bill 857) makes several technical and conforming changes to licensing programs operated by the Department of Insurance, as well as the following substantive changes:

- Amends definitions related to the North Carolina Professional Employer Organization Act.
- Requires applicants for licensure as a professional employer organization who deposit securities to concurrently deliver to the Commissioner of Insurance a power of attorney authorizing the sale or transfer of those securities.
- Revises grounds for denial of professional employer organization licenses.
- Adds insurance producers, adjusters, appraisers, bail bondsmen, runners, and others licensed under Chapter 58 to the list of exceptions not subject to automatic licensure recognition for individuals licensed in neighboring states.

The exclusion for Chapter 58 licensees became retroactively effective October 1, 2025, and applies to licensure applications submitted on or after that date. All substantive changes became effective July 7, 2026. The remainder of this Part becomes effective October 1, 2026.