

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 889\*  
Committee Substitute Favorable 4/13/09  
Committee Substitute #2 Favorable 5/4/09

Short Title: Struc. Settlement Annuities/Ins. Guar. Assn.

(Public)

Sponsors:

Referred to:

March 31, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXPAND COVERAGE UNDER THE INSURANCE GUARANTY  
3 ASSOCIATION WITH RESPECT TO STRUCTURED SETTLEMENT ANNUITIES  
4 FOR MATTERS INVOLVING PERSONAL INJURY OR ILLNESS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 58-62-16 is amended by adding a new subdivision to read:

7 "(17a) 'Structured settlement annuities' means any contracts or certificates for  
8 annuities issued to fund, in whole or in part, a settlement agreement for a  
9 matter involving personal injury or illness, including any settlement  
10 agreement permitted under Chapter 97 of the General Statutes."

11 **SECTION 2.** G.S. 58-62-21(a) reads as rewritten:

12 "**§ 58-62-21. Coverage and limitations.**

13 (a) This Article provides coverage for the policies and contracts specified in subsection  
14 (b) of this section:

15 (1) To persons other than persons specified in subdivisions (3) and (4) of this  
16 subsection who, regardless of where they reside (except for nonresident  
17 certificate holders under group policies), are the beneficiaries, assignees, or  
18 payees of the persons covered under subdivision (2) of this ~~subsection, and~~  
19 subsection;

20 (2) To persons other than persons specified in subdivisions (3) and (4) of this  
21 subsection who are owners or certificate holders under the policies, or in the  
22 case of unallocated annuity contracts to the persons who are the contract  
23 holders, and who are residents of this State, or who are not residents of this  
24 State, but only under all of the following conditions: (i) the insurers that  
25 issued the policies are domiciled in this State; (ii) the insurers never held a  
26 license in the states in which the persons reside; (iii) the states have  
27 associations similar to the association created by this Article; and (iv) the  
28 persons are not eligible for coverage by the ~~associations;~~associations;

29 (3) To persons who are payees (or beneficiaries of payees if the payees are  
30 deceased) under structured settlement annuities if the payees are residents of  
31 this State, regardless of where the contract owners of the structured  
32 settlement annuities reside; and

33 (4) To persons who are payees (or beneficiaries of payees if the payees are  
34 deceased) under structured settlement annuities if the payees are not  
35 residents of this State, but only if all of the following conditions are met:



- 1           a.     The contract owners of the structured settlement annuities are  
2                 residents of this State or, if not residents of this State, (i) the insurers  
3                 that issued the structured settlement annuities are domiciled in this  
4                 State and (ii) the state in which the contract owners reside has an  
5                 association similar to the Association created by this Article; and  
6           b.     Neither the payees (or beneficiaries of payees if the payees are  
7                 deceased) nor the contract owners of the structured settlement  
8                 annuities are eligible for coverage by an association of the state in  
9                 which the payees or contract owners reside."

10           **SECTION 3.** G.S. 58-62-21(d) reads as rewritten:

11           "(d)   The benefits for which the Association is liable do not, in any event, exceed the  
12    lesser of:

13            ...

14           (4)    With respect to any one contract holder covered by any unallocated annuity  
15                 contract not included in subdivision (3) of this subsection, five million  
16                 dollars (\$5,000,000) in benefits, regardless of the number of such contracts  
17                 held by that contract ~~holder.~~ holder; or

18           (5)    With respect to any one contract holder of a structured settlement annuity,  
19                 one million dollars (\$1,000,000) for all benefits, including cash values."

20           **SECTION 4.** G.S. 58-62-21(e) reads as rewritten:

21           "(e)   In no event is the Association liable to expend more than ~~three hundred thousand~~  
22    dollars ~~(\$300,000)~~ five hundred thousand dollars (\$500,000) in the aggregate with respect to  
23    any one individual under this section. This subsection does not apply to structured settlement  
24    annuities."

25           **SECTION 5.** This act is effective when it becomes law and applies to claims  
26    submitted to the Insurance Guaranty Association on or after that date.