

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

**SENATE BILL 780
RATIFIED BILL**

AN ACT TO EXPAND COVERAGE UNDER THE INSURANCE GUARANTY
ASSOCIATION WITH RESPECT TO STRUCTURED SETTLEMENT ANNUITIES
FOR MATTERS INVOLVING PERSONAL INJURY OR ILLNESS.

The General Assembly of North Carolina enacts:

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

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

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

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

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

- (1) To persons other than persons specified in subdivisions (3) and (4) of this subsection who, regardless of where they reside (except for nonresident certificate holders under group policies), are the beneficiaries, assignees, or payees of the persons covered under subdivision (2) of this subsection, and subsection;
- (2) To persons other than persons specified in subdivisions (3) and (4) of this subsection who are owners or certificate holders under the policies, or in the case of unallocated annuity contracts to the persons who are the contract holders, and who are residents of this State, or who are not residents of this State, but only under all of the following conditions: (i) the insurers that issued the policies are domiciled in this State; (ii) the insurers never held a license in the states in which the persons reside; (iii) the states have associations similar to the association created by this Article; and (iv) the persons are not eligible for coverage by the associations;
- (3) To persons who are payees (or beneficiaries of payees if the payees are deceased) under structured settlement annuities if the payees are residents of this State, regardless of where the contract owners of the structured settlement annuities reside; and
- (4) To persons who are payees (or beneficiaries of payees if the payees are deceased) under structured settlement annuities if the payees are not residents of this State, but only if all of the following conditions are met:
 - a. The contract owners of the structured settlement annuities are residents of this State or, if not residents of this State, (i) the insurers that issued the structured settlement annuities are domiciled in this State and (ii) the state in which the contract owners reside has an association similar to the Association created by this Article; and
 - b. Neither the payees (or beneficiaries of payees if the payees are deceased) nor the contract owners of the structured settlement annuities are eligible for coverage by an association of the state in which the payees or contract owners reside."

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

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

...



- (4) With respect to any one contract holder covered by any unallocated annuity contract not included in subdivision (3) of this subsection, five million dollars (\$5,000,000) in benefits, regardless of the number of such contracts held by that contract holder. holder; or
- (5) With respect to any one contract holder of a structured settlement annuity, one million dollars (\$1,000,000) for all benefits, including cash values."

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

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

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

In the General Assembly read three times and ratified this the 30th day of July, 2009.

Walter H. Dalton
President of the Senate

Joe Hackney
Speaker of the House of Representatives

Beverly E. Perdue
Governor

Approved _____ .m. this _____ day of _____, 2009