

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 496
Commerce and Insurance Committee Substitute Adopted 5/6/21

Short Title: DOI Omnibus Bill.-AB

(Public)

Sponsors:

Referred to:

April 5, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND AND TO MAKE CLARIFYING CHANGES TO VARIOUS
3 INSURANCE LAWS, AS RECOMMENDED BY THE DEPARTMENT OF INSURANCE.
4 The General Assembly of North Carolina enacts:

5
6 **PART I. HOLDING COMPANY ACT FORM FILING CHANGES**

7 **SECTION 1.** G.S. 58-19-75(b) reads as rewritten:

8 "(b) A complete copy of each statement, including exhibits and all other papers and
9 documents filed as a part of the statement, shall be filed with the Commissioner by ~~personal~~
10 ~~delivery or~~ mail addressed to the Commissioner and shall be signed in the manner prescribed on
11 the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant
12 to a power of attorney or other similar authority, a copy of the power of attorney or other authority
13 shall also be filed with the statement."
14

15 **PART II. STANDARDIZE QUALITY LIMITATIONS FOR OBLIGATIONS**

16 **SECTION 2.(a)** G.S. 58-7-170(d) reads as rewritten:

17 "(d) Without the Commissioner's prior written approval, the cost of investments permitted
18 under G.S. 58-7-173 and G.S. 58-7-178, and that are classified as medium to lower quality
19 ~~obligations, other than obligations of subsidiaries or affiliated corporations as that term is defined~~
20 ~~in G.S. 58-19-5, obligations~~ shall be limited to:

- 21 (1) No more than twenty percent (20%) of an insurer's admitted assets;
22 (2) No more than ten percent (10%) of an insurer's admitted assets in obligations
23 designated a 4, 5, or 6 in accordance with the Purposes and Procedures Manual
24 of the NAIC Securities Valuation Office;
25 (3) No more than three percent (3%) of an insurer's admitted assets in obligations
26 designated a 5 or 6 in accordance with the Purposes and Procedures Manual
27 of the NAIC Securities Valuation Office; and
28 (4) No more than one percent (1%) of an insurer's admitted assets in obligations
29 designated a 6 in accordance with the Purposes and Procedures Manual of the
30 NAIC Securities Valuation Office.
31 (5),(6) Repealed by Session Laws 1993, c. 452, s. 11."

32 **SECTION 2.(b)** G.S. 58-19-10 reads as rewritten:

33 "**§ 58-19-10. Subsidiaries-Affiliates or subsidiaries of insurers.**

34 ...

35 (b) In addition to investments in common stock, preferred stock, debt obligations, and
36 other securities permitted under this Chapter, a domestic insurer may also:



(1) Invest, in common stock, preferred stock, debt obligations, and other securities of one or more affiliates or subsidiaries, amounts that do not exceed the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent (50%) of the insurer's policyholders' surplus, provided that after those investments, the insurer's policyholders' surplus will be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs. In calculating the amount of the investments, investments in domestic or foreign insurance affiliates or subsidiaries and health maintenance organizations shall be excluded, and there shall be included: (i) total net monies or other consideration expended and obligations assumed in the acquisition or formation of ~~a~~an affiliate or subsidiary, including all organizational expenses and contributions to capital and surplus of the affiliate or subsidiary whether or not represented by the purchase of capital stock or issuance of other securities; and (ii) all amounts expended in acquiring additional common stock, preferred stock, debt obligations, and other securities, and all contributions to the capital or surplus, of ~~a~~an affiliate or subsidiary subsequent to its acquisition or formation;

...

(c) Investments in common stock, preferred stock, debt obligations, or other securities of subsidiaries made pursuant to subsection (b) of this section are not subject to any of the otherwise applicable restrictions or prohibitions contained in this Chapter applicable to such investments of ~~insurers~~insurers except the medium to lower quality obligation limitations under G.S. 58-7-170(d).

...."

PART III. CHANGE PEO NOTIFICATION REQUIREMENTS

SECTION 3. G.S. 58-89A-110(g) reads as rewritten:

"(g) A licensee shall, within 30 days of initiation or termination of the licensee's relationship with any client company, notify its workers' compensation ~~earrier, the Commissioner, carrier~~ and the North Carolina Industrial Commission of both the initiation and termination of the relationship. If the client company terminates the relationship between the licensee and the client company, the notice required by this subsection shall be given within 10 days of the licensee's actual knowledge of the termination."

PART IV. UPDATE OTHER LAWS APPLICABLE TO HMOS

SECTION 4. G.S. 58-67-171 reads as rewritten:

"§ 58-67-171. Other laws applicable to HMOs.

The following provisions of this Chapter are applicable to HMOs that are subject to this Article are as follows:

- G.S. 58-2-125..... Authority over all insurance companies; no exemptions from license.
- G.S. 58-2-150..... Oath required for compliance with law.
- G.S. 58-2-155..... Investigation of charges.
- G.S. 58-2-160..... Reporting and investigation of insurance and reinsurance fraud and the financial condition of licensees; immunity from liability.
- G.S. 58-2-162..... Embezzlement by insurance agents, brokers, or administrators.
- G.S. 58-2-185..... Record of business kept by companies and agents; Commissioner may inspect.
- G.S. 58-2-190..... Commissioner may require special reports.
- G.S. 58-2-195..... Commissioner may require records, reports, etc., for agencies, agents, and others.

- 1 G.S. 58-2-200..... Books and papers required to be exhibited.
- 2 G.S. 58-3-50..... Companies must do business in own name; emblems, insignias,
- 3 etc.
- 4 G.S. 58-3-100(c),(e)..... Insurance company licensing provisions.
- 5 G.S. 58-3-115..... Twisting with respect to insurance policies; penalties.
- 6 G.S. 58-7-21..... Credit allowed a domestic ceding insurer.
- 7 G.S. 58-7-26..... Asset or reduction from liability for reinsurance ceded by a
- 8 domestic insurer to an assuming insurer not meeting the
- 9 requirements of G.S. 58-7-21.
- 10 G.S. 58-7-30..... Insolvent ceding insurer.
- 11 G.S. 58-7-31..... Life and health reinsurance agreements.
- 12 G.S. 58-7-46..... Notification to Commissioner for president or chief executive
- 13 officer changes.
- 14 G.S. 58-7-73..... Dissolution of insurers.
- 15 Part 7 of Article 10..... Annual Financial Reporting.
- 16 G.S. 58-50-35..... Notice of nonpayment of premium required before forfeiture.
- 17 G.S. 58-51-15(a)(2)b..... Accident and health policy provisions.
- 18 G.S. 58-51-17..... Portability for accident and health insurance.
- 19 G.S. 58-51-25..... Policy coverage to continue as to children with an intellectual or
- 20 physical disability or dependent students on medically necessary
- 21 leave of absence.
- 22 G.S. 58-51-35..... Insurers and others to afford coverage to children with an
- 23 intellectual or physical disability.
- 24 G.S. 58-51-45..... Policies to be issued to any person possessing the sickle-cell trait
- 25 or hemoglobin C trait.
- 26 G.S. 58-62..... Life and Health Insurance Guaranty Association."
- 27

PART V. PREPAID HEALTH PLAN LICENSING ACT CLARIFYING CHANGE

SECTION 5. G.S. 58-93-75 reads as rewritten:

"§ 58-93-75. Continuation of health care services.

The Commissioner shall require that each PHP have a plan for handling insolvency. The plan must allow for health care services to be provided to enrollees until the PHP's ~~enrollees whose enrollment in a PHP is not voluntary are enrolled in capitated contract is terminated by DHHS~~ and all enrollees required under G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.

In considering the plan, the Commissioner may require any of the following:

- 36 (1) Insurance to cover the expenses to be paid for enrollee health care services
- 37 after an insolvency.
- 38 (2) Provisions in provider contracts that obligate the provider to provide services
- 39 for the duration of the period after the PHP's insolvency until the PHP's
- 40 ~~enrollees whose enrollment in a PHP is not voluntary are enrolled in capitated~~
- 41 contract is terminated by DHHS and all enrollees required under
- 42 G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.
- 43 (3) Insolvency reserves.
- 44 (4) Letters of credit acceptable to the Commissioner.
- 45 (5) Any other arrangements to assure that health care services are provided to
- 46 enrollees as specified in this section."
- 47

PART VI. PUBLIC SCHOOL INSURANCE REPORTING CHANGES

SECTION 6.(a) G.S. 115C-523.1 reads as rewritten:

"§ 115C-523.1. Duty to insure public school property.

1 (a) The local board of education of every local school administrative unit in the public
2 school system of this State, in order to safeguard the investment made in public schools, shall:

3 (1) Insure and keep insured to the extent of not less than eighty percent (80%) of
4 the current insurable value, as determined by the insurer and the insured, of
5 each of its insurable buildings against the perils embraced in broad form
6 coverage to include fire, lightning, windstorm, hail, explosion, aircraft or
7 vehicles, riot or civil commotion, smoke, vandalism, sprinkler leakage,
8 sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet,
9 or water damage.

10 (2) Insure and keep insured adequately the equipment and contents of the
11 building.

12 (3) Provide to the Commissioner of Insurance a list of all of its insurable
13 buildings, the equipment and contents of the buildings, and their insurable
14 values by October 1 of each year.

15 (b) The tax-levying authority for each local school administrative unit shall appropriate
16 funds necessary for compliance with the provisions of subsection (a) of this section.

17 (c) Local boards of education may purchase insurance from companies duly licensed and
18 authorized to sell insurance in this State or may obtain insurance in accordance with the
19 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
20 Education Property." If a local board of education purchases insurance from a company duly
21 licensed and authorized to sell insurance in this State for any insurable building, its equipment,
22 or its contents, the local board of education shall provide the Commissioner with a copy of the
23 policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason,
24 the local board of education shall notify the Commissioner within five days of the effective date
25 of the cancellation, termination, or change.

26 (d) If the Commissioner of Insurance determines that any person has willfully failed to
27 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
28 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
29 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
30 violation."

31 **SECTION 6.(b)** G.S. 115C-523.2 reads as rewritten:

32 **"§ 115C-523.2. Flood insurance.**

33 (a) The local board of education of every local school administrative unit in the public
34 school system of this State, in order to safeguard the investment made in public schools, shall
35 insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable
36 value, as determined by the insurer and the insured, of each of its insurable buildings against
37 flood when that property is located, or becomes located in, an area identified on the latest Flood
38 Insurance Rate Map produced by the Federal Emergency Management Agency as area that will
39 be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded
40 in any given year. The local board of education shall provide to the Commissioner of Insurance
41 a list of all of its insurable buildings against flood and their insurable values by October 1 of each
42 year.

43 (b) The tax-levying authority for each local school administrative unit shall appropriate
44 funds necessary for compliance with the provisions of subsection (a) of this section.

45 (c) Local boards of education may purchase insurance from companies duly licensed and
46 authorized to sell insurance in this State or may obtain insurance in accordance with the
47 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
48 Education Property." If a local board of education purchases insurance from a company duly
49 licensed and authorized to sell insurance in this State for any insurable building against flood,
50 the local board of education shall provide the Commissioner with a copy of the policy of
51 insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the local

1 board of education shall notify the Commissioner within five days of the effective date of the
2 cancellation, termination, or change.

3 (d) If the Commissioner of Insurance determines that any person has willfully failed to
4 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
5 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
6 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
7 violation."

8 **SECTION 6.(c)** G.S. 115D-58.11 reads as rewritten:

9 **"§ 115D-58.11. Fire and casualty insurance on institutional buildings and contents.**

10 (a) The board of trustees of each institution, in order to safeguard the investment in
11 institutional buildings and their contents, shall:

12 (1) Insure and keep insured each building owned by the institution to the extent
13 of not less than eighty percent (80%) of the current insurable value, as
14 determined by the insured and insurer, against loss by the perils embraced in
15 broad form coverage to include fire, lightning, windstorm, hail, explosion,
16 aircraft or vehicles, riot or civil commotion, smoke, vandalism, sprinkler
17 leakage, sinkhole collapse, volcanic action, falling objects, weight of snow,
18 ice or sleet, or water damage to institutional buildings and properties.

19 (2) Insure and keep insured equipment and other contents of all institutional
20 buildings that are the property of the institution or the State or which are used
21 in the operation of the institution.

22 (3) Provide to the Commissioner of Insurance a list of all of its institution's
23 insurable buildings, the equipment and contents of the buildings, and their
24 insurable values by October 1 of each year.

25 (b) The tax-levying authority of each institution shall provide the funds necessary for the
26 purchase of the insurance required in subsection (a) of this section.

27 (c) Boards of trustees may purchase insurance from companies duly licensed and
28 authorized to sell insurance in this State or may obtain insurance in accordance with the
29 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
30 Education Property." If the board of trustees of an institution purchases insurance from a
31 company duly licensed and authorized to sell insurance in this State for any insurable building,
32 its equipment, or its contents, the board of trustees shall provide the Commissioner with a copy
33 of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any
34 reason, the board of trustees shall notify the Commissioner within five days of the effective date
35 of the cancellation, termination, or change.

36 (d) If the Commissioner of Insurance determines that any person has willfully failed to
37 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
38 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
39 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
40 offense violation."

41 **SECTION 6.(d)** G.S. 115D-58.11A reads as rewritten:

42 **"§ 115D-58.11A. Flood insurance.**

43 (a) The board of trustees of each institution, in order to safeguard the investment in
44 institutional buildings and their contents, shall insure and keep insured to the extent of not less
45 than eighty percent (80%) of the current insurable value, as determined by the insurer and the
46 insured, of each of its insurable buildings against flood when that property is located, or becomes
47 located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal
48 Emergency Management Agency as area that will be inundated by the flood event having a one
49 percent (1%) chance of being equaled or exceeded in any given year. The board of trustees of
50 each institution shall provide to the Commissioner of Insurance a list of all of its institution's
51 insurable buildings against flood and their insurable values by October 1 of each year.

1 (b) The tax-levying authority for each institution shall appropriate funds necessary for
2 compliance with the provisions of subsection (a) of this section.

3 (c) The board of trustees may purchase insurance from companies duly licensed and
4 authorized to sell insurance in this State or may obtain insurance in accordance with the
5 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
6 Education Property." If the board of trustees of an institution purchases insurance from a
7 company duly licensed and authorized to sell insurance in this State for any insurable building
8 against flood, the board of trustees shall provide the Commissioner with a copy of the policy of
9 insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the board
10 of trustees shall notify the Commissioner within five days of the effective date of the cancellation,
11 termination, or change.

12 (d) If the Commissioner of Insurance determines that any person has willfully failed to
13 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
14 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
15 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
16 violation."
17

18 PART VII. NORTH CAROLINA MANUFACTURED HOUSING BOARD CHANGES

19 SECTION 7.(a) G.S. 143-143.9 reads as rewritten:

20 "§ 143-143.9. Definitions.

21 The following definitions apply in this Part:

22 ...

23 (3) Code. – Engineering standards entitled State of North Carolina Regulations
24 for Manufactured Homes adopted by the Commissioner.

25 ...

26 (10a) Qualifier. – An individual taking the examination on behalf of a set-up
27 contractor applicant, who is associated with the applicant and is actively
28 engaged in the work of the applicant.

29"

30 SECTION 7.(b) G.S. 143-143.15(a) reads as rewritten:

31 "(a) Manufactured homes shall be set up in accordance with the standards entitled State
32 of North Carolina Regulations for Manufactured Homes adopted by the Commissioner."

33 SECTION 7.(c) G.S. 143-143.21A(a)(5) is repealed.

34 SECTION 7.(d) G.S. 143-151(a) reads as rewritten:

35 "(a) Any person who is found by the Commissioner to have violated the provisions of the
36 Act, this Article, or any rules adopted under this Article, shall be liable for a civil penalty not to
37 exceed ~~one thousand dollars (\$1,000)~~ the amount set by 24 C.F.R. § 3282.10 for each violation.
38 Each violation shall constitute a separate violation for each manufactured home or for each failure
39 or refusal to allow or perform an act required by the Act, this Article, or any rules adopted under
40 this Article. The maximum civil penalty may not exceed ~~one million dollars (\$1,000,000)~~ the
41 amount set by 24 C.F.R. § 3282.10 for any related series of violations occurring within one year
42 after the date of the first violation. In determining the amount of the penalty, the Commissioner
43 shall consider the degree and extent of harm caused by the violation, the amount of money that
44 inured to the benefit of the violator as a result of the violation, whether the violation was willful,
45 and the prior record of the violator in complying or failing to comply with laws, rules, or orders
46 applicable to the violator. The clear proceeds of civil penalties provided for in this section shall
47 be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."
48

49 PART VIII. LONG-TERM CARE INSURANCE TECHNICAL CHANGE UPDATING 50 PHONE NUMBER

51 SECTION 8. G.S. 58-55-60(7) reads as rewritten:

1 "(7) A qualified policy issued, executed, and delivered in North Carolina shall be
2 accompanied by a Partnership Disclosure Notice explaining the benefits
3 associated with a qualified policy and indicating that at the time issued, the
4 policy is a qualified long-term care insurance partnership policy in North
5 Carolina. The Partnership Disclosure Notice shall also include a statement
6 indicating that by purchasing this partnership policy, the insured does not
7 automatically qualify for Medicaid. Notices providing additional information
8 may be used in conjunction with the Partnership Disclosure Notice described
9 in this section if filed and approved by the Commissioner. The Notice shall
10 state the following in at least 12-point font:

11 "Partnership Policy Status: Your long-term care insurance policy is intended
12 to qualify as a Partnership Policy under the North Carolina Long-Term Care
13 Partnership Program as of your policy's effective date. For Medicaid
14 applicants applying for help with the cost of long-term care, this means that
15 an amount of your resources equal to the dollar amount of long-term care
16 insurance benefits paid to you or on your behalf under this policy may be
17 disregarded for purposes of determining your eligibility for long-term care
18 Medicaid and from any subsequent recovery by the State from your estate for
19 payment of Medicaid paid services. The amount that may be disregarded at
20 eligibility will be equal to the amount of the long-term care partnership
21 benefits paid out prior to the time you apply for long-term care Medicaid. As
22 a result, you may qualify for coverage of the cost of your long-term care needs
23 under Medicaid without first being required to substantially exhaust your
24 personal resources. The amount that may be protected from recovery by the
25 State from your estate will be equal to the amount disregarded for purposes of
26 eligibility for long-term care Medicaid. If you are already a recipient of
27 long-term care Medicaid, this policy will not allow a resource disregard or
28 estate recovery resource protection. The purchase of a Partnership Policy does
29 not automatically qualify you for Medicaid.

30 Please note that this policy may lose long-term care partnership program status
31 if you move to a different state that does not recognize North Carolina's
32 Long-Term Care Partnership Program or you modify this policy after
33 issuance. This policy may also lose long-term care partnership program status
34 due to changes in federal or state laws.

35 If you have questions regarding long-term care insurance and the North
36 Carolina Long-Term Care Partnership Program, you may contact the Seniors'
37 Health Insurance Information Program of the Department of Insurance at
38 ~~1-800-443-9354.~~1-855-408-1212."

39 In the case of a group insurance contract, this Partnership Disclosure Notice
40 shall be provided to the insured upon the issuance of the certificate. The
41 insurer shall include in that Notice that the amount of the insured's resources
42 that may be disregarded at eligibility will be equal to the amount of qualified
43 long-term care partnership policy benefits paid prior to the time the insured
44 applied for long-term care Medicaid. The insurer shall also include in the
45 notice a warning to the insured that the policy may lose long-term care
46 partnership program status if the insured moves to another state that does not
47 recognize North Carolina's Long-Term Care Partnership Program, or if the
48 policy is modified after issuance."

50 **PART IX. CLARIFY EXCEPTION TO UNAUTHORIZED INSURER PROHIBITION**
51 **SECTION 9. G.S. 58-28-5(a) reads as rewritten:**

1 "(a) Except as otherwise provided in this section, it is unlawful for any company to enter
2 into a contract of insurance as an insurer or to transact insurance business in this State as set forth
3 in G.S. 58-28-13 without a license issued by the Commissioner. This section does not apply to
4 the following acts or transactions:

5 ...

- 6 (4) Transactions in this State involving group life insurance, group annuities, or
7 group, blanket, or franchise accident and health insurance where the master
8 policy for the insurance was lawfully issued and delivered in a state in which
9 the company was authorized to transact ~~business-business, unless the~~
10 company has had its license to conduct business in this State suspended or
11 revoked.

12 "

13 **PART X. AMEND STATE OF DISASTER PROVISIONS**

14 **SECTION 10.** G.S. 58-2-46 reads as rewritten:

15 "**§ 58-2-46. State of disaster automatic stay of proof of loss requirements; premium and**
16 **debt deferrals; loss adjustments for separate windstorm policies.**

17 (a) Whenever (i) a state of disaster is proclaimed for the State or for an area within the
18 State under G.S. 166A-19.21 or whenever the President of the United States has issued a major
19 disaster declaration for the State or for an area within the State under the Stafford Act, 42 U.S.C.
20 § 5121, et seq., as amended and (ii) if the Commissioner has issued an order declaring
21 subdivisions (1) through (4) of this section effective for the specific disaster:

- 22 (1) The application of any provision in an insurance policy insuring real property
23 and its contents that are located within the ~~geographic area~~ designated area in
24 the proclamation or declaration, which provision requires an insured to file a
25 proof of loss within a certain period of time after the occurrence of the loss,
26 shall be stayed for the time period not exceeding the earlier of (i) the expiration
27 of the disaster proclamation or declaration and all renewals of the
28 proclamation or (ii) the expiration of the Commissioner's order declaring
29 subdivisions (1) through (4) of this section effective for the specific disaster,
30 ~~as determined by the Commissioner.~~ a disaster pursuant to this section.

- 31 (2) As used in this subdivision, "insurance company" includes a service
32 corporation, HMO, MEWA, surplus lines insurer, and the underwriting
33 associations under Articles 45 and 46 of this Chapter. All insurance
34 companies, premium finance companies, collection agencies, and other
35 persons subject to this Chapter shall give their customers who reside within
36 the ~~geographic area~~ designated area in the proclamation or declaration the
37 option of deferring premium or debt payments that are due during the earlier
38 of (i) [the time period covered by the proclamation or declaration or (ii)] the
39 time period prior to the expiration of the Commissioner's order declaring
40 subdivisions (1) through (4) of this section effective for the specific disaster,
41 ~~as determined by the Commissioner.~~ a disaster pursuant to this section. This
42 deferral period shall be 30 days from the last day the premium or debt payment
43 may be made under the terms of the policy or contract. This deferral period
44 shall also ~~apply to any statute, rule, or other policy or contract provision that~~
45 ~~imposes a time limit~~ serve to defer any time limits imposed on an insurer,
46 insured, claimant, or customer to perform any act during the time period
47 covered by the proclamation or ~~declaration, including~~ declaration as may be
48 required by any statute, rule, or other policy or contract provision. Included in
49 the deferral of time limits is the transmittal of information, information and
50 communications, with respect to insurance policies or contracts, premium
51

1 finance agreements, or debt instruments when the insurer, insured, claimant,
2 or customer resides or is located in the ~~geographic area~~-designated areas in the
3 proclamation or declaration. Likewise, the deferral period shall apply to any
4 time limitations imposed on insurers under the terms of a policy or contract or
5 provisions of law related to individuals who reside within the geographic area
6 designated in the proclamation or declaration. Likewise, the deferral period
7 shall apply to any time limitations imposed on insurers under the terms of a
8 policy or contract or provisions of law related to individuals who reside within
9 the geographic area designated in the proclamation or declaration. The
10 deferral of time limits, including the transmittal of information and
11 communications, applies to all insureds, claimants, or customers and does not
12 require a request to defer. The Commissioner may extend any deferral period
13 in this subdivision, depending on the nature and severity of the proclaimed or
14 declared disaster. No additional rate or contract filing shall be necessary to
15 effect any deferral period.

16 (2a) In addition to the general requirements set forth in subdivisions (a)(1) and
17 (a)(2), with respect to property and casualty insurance companies and
18 insurance policies that insure customers or policyholders who reside in the
19 designated area in the proclamation or declaration and who have been
20 displaced from their residences, the following provisions shall apply:

21 a. After a deferral period has expired, all premium payments in arrears
22 under a property and casualty insurance policy or contract shall be due
23 and payable to the insurance company. If the premium payments in
24 arrears are not paid, the insurance company may cancel the insurance
25 policy or contract on or after the twenty-first day following the
26 expiration of the deferral period. All cancellation notice requirements
27 are still applicable under this section.

28 b. All property and casualty insurance policies or contracts with a
29 properly noticed cancellation for nonpayment effective on or prior to
30 the date the Commissioner has issued an order under this section may
31 be cancelled and such cancellations shall remain valid and effective.
32 All cancellations for nonpayment of insurance policies or contracts
33 scheduled to be effective after the deferral period has commenced
34 must be deferred until the deferral period has expired. If necessary to
35 comply with statute, a cancellation deferred under this subsection must
36 be properly noticed again with an effective date after the expiration of
37 the deferral period. Cancellations for cause that have been properly
38 noticed, including, but not limited to, material misrepresentation or
39 ineligible risk may continue to be processed during the deferral period.

40 c. All property and casualty insurance policies or contracts with a
41 nonrenewal effective date on or prior to the date the Commissioner has
42 issued an order under this section may be processed. All property and
43 casualty insurance policies or contracts with a properly noticed
44 nonrenewal effective after the commencement of the deferred period
45 shall be deferred until the expiration of the deferral period. A
46 nonrenewal deferred under this subsection shall be properly noticed
47 again with an effective date after the expiration of the deferral period.

48 d. This subsection shall not apply to property and casualty insurance
49 policies or contracts entered into on or after the date the Commissioner
50 has issued an order declaring this section effective for the specific
51 disaster.

- 1 This subdivision shall not apply to premium finance companies.
- 2 (3) With respect to health benefit plans, after a deferral period has expired, all
3 premiums in arrears shall be payable to the insurer. If premiums in arrears are
4 not paid, coverage shall lapse as of the date premiums were paid up, and
5 preexisting conditions shall apply as permitted under this Chapter; and the
6 insured shall be responsible for all medical expenses incurred since the
7 effective date of the lapse in coverage.
- 8 (4) Repealed by Session Laws 2014-115, s. 39.2, effective August 11, 2014.
- 9 (5) In addition to the general requirements set forth in subdivisions (a)(1) and
10 (a)(2), with respect to premium finance companies and premium finance
11 agreements that have financed property and casualty insurance policies for
12 customers or policyholders who reside in the designated area in the
13 proclamation or declaration and may have been displaced from their
14 residences, the following provisions shall apply:
- 15 a. After a deferral period has expired, all payments in arrears under a
16 premium finance agreement shall be due and payable to the premium
17 finance company. If the payments in arrears are not paid, the premium
18 finance company may cancel the premium finance agreement on or
19 after the twenty-first day following the expiration of the deferred
20 period. All cancellation notice requirements are still applicable under
21 this section.
- 22 b. All property and casualty insurance policies or contracts that were
23 financed by an insurance premium finance company with a properly
24 noticed cancellation for nonpayment effective on or prior to the date
25 the Commissioner has issued an order under this section may be
26 cancelled and such cancellations shall remain valid and effective.
- 27 c. This section shall not apply to premium finance agreements entered
28 into on or after the date the Commissioner has issued an order
29 declaring this section effective for the specific disaster.
- 30 (6) All collection agencies, as defined in Article 70 of Chapter 58 of the General
31 Statutes, shall discontinue attempts to collect debt against their customers who
32 reside within the designated area in this proclamation or declaration during
33 the deferral period.
- 34 (b) During a public health emergency or other situations that require the citizens of North
35 Carolina to shelter in place, the following provisions shall apply:
- 36 (1) All property and casualty insurance companies and premium finance
37 companies subject to this Chapter shall give notice to their customers or
38 policyholders who reside within the designated area in the proclamation or
39 declaration the option of deferring premium payments that are due during the
40 time period covered by the Commissioner's order declaring this section
41 effective for a specific public health emergency or situation that may require
42 the citizens of North Carolina to shelter in place. The deferral period shall be
43 30 days from the last day the premium or debt payment may be made under
44 the terms of the policy or contract or premium finance agreement.
- 45 a. Notifications to customers or policyholders by property and casualty
46 insurance companies and premium finance companies shall:
- 47 1. Provide notification to their customers or policyholders
48 advising of their right to defer premium and detailing the steps
49 required to defer premium;

- 1 2. Allow for deferral requests from customers or policyholders to
2 be communicated verbally or by electronic means. Written
3 requests for deferral shall not be required; and
4 3. After required notification is provided, nonpayment will result
5 in a cancellation to be effective on or after the twenty-first day
6 following the expiration of the deferral period.
7 b. After a deferral period has expired, all premium payments in arrears
8 under a property and casualty insurance policy or premium finance
9 agreement shall be due and payable to the insurance company or
10 premium finance company. If the premium payments in arrears are not
11 paid, the property and casualty insurance company or premium finance
12 company may cancel the insurance policies or premium finance
13 agreements that were financed on or after the twenty-first day
14 following the expiration of the deferral period. All cancellation notice
15 requirements are still applicable under this section.
16 c. This section shall not apply to property and casualty insurance policies
17 or contracts entered into on or after the date the Commissioner has
18 issued an order under this section.
19 (2) This subsection does not prohibit property and casualty policy nonrenewals or
20 cancellations during a public health emergency or situation that may require
21 the citizens of North Carolina to shelter in place.
22 (3) All collection agencies as defined in Article 70 of Chapter 58 of the General
23 Statutes shall discontinue attempts to collect debt against their customers who
24 reside within the designated area in the proclamation or declaration during the
25 deferral period.
26 (4) Other than the requirements set forth in this section, for a public health
27 emergency or situation that may require the citizens of North Carolina to
28 shelter in place, the deferral period shall not apply to time limitations imposed
29 by any statute, rule, or other policy or contract provision or to the transmittal
30 of information or communications related to insurance policies, premium
31 finance agreements, or debt instruments.
32 (5) The Commissioner may extend any deferral period in this section, depending
33 on the nature and severity of the proclaimed or declared disaster or event. No
34 additional rate or contract filing shall be necessary to effect any deferral
35 period.
36 (6) With respect to health benefit plans, after a deferral period has expired, all
37 premiums in arrears shall be payable to the insurer. If premiums in arrears are
38 not paid, coverage shall lapse as of the date premiums were paid up, and
39 preexisting conditions shall apply as permitted under this Chapter, and the
40 insured shall be responsible for all medical expenses incurred since the
41 effective date of the lapse in coverage.

42 This subsection shall not apply to situations that involve enemy attack, invasion, insurrection,
43 riot, rebellion, revolution, civil war or commotion, or military or usurped power."
44

45 **PART XI. EXPANSION OF PROGRAM ENHANCEMENTS**

46 **SECTION 11.** G.S. 58-36-43(a) reads as rewritten:

47 "(a) Member companies writing private passenger ~~automobile or homeowners'~~
48 automobile, homeowners', dwelling, or residential private flood insurance under this Article may
49 incorporate optional enhancements to their ~~automobile and homeowners'~~ automobile,
50 homeowners', dwelling, and residential private flood programs as an endorsement to an
51 ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private flood

1 policy issued under this Article if the insurer has filed the proposed enhancement with the
2 Commissioner and if the proposed enhancement is approved by the Commissioner. Any
3 approved optional enhancements shall be considered outside the authority of the Rate Bureau. If
4 the proposed enhancement will include an additional premium charge, the proposed premium
5 charge shall be included with the proposed program enhancements filed with the Commissioner.
6 The Commissioner shall review the proposed premium charges and approve them if the
7 Commissioner finds that they are based on sound actuarial principles. Amendments to private
8 passenger ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private
9 flood program enhancements are subject to the same requirements as initial filings. Neither the
10 acceptance, renewal of a policy, nor any underwriting rating criteria shall be conditioned by a
11 company upon the acceptance by the policyholder of any optional ~~automobile or homeowners'~~
12 automobile, homeowners', dwelling, or residential private flood enhancements. A rate
13 amendment authorized by this section is not a rate deviation and is not subject to the requirements
14 for rate deviations set forth in G.S. 58-36-30(a)."
15

16 PART XII. TRAVEL INSURANCE EXCLUSIONS NOTICE

17 SECTION 12. G.S. 58-44B-15 reads as rewritten:

18 "§ 58-44B-15. Travel protection plans.

19 Travel protection plans may be offered for one price for the combined permitted features as
20 defined in G.S. 58-44B-5 if the plan meets all of the following requirements:

- 21 (1) The travel protection plan clearly discloses to the consumer at or prior to the
22 time of purchase that it includes travel insurance, travel assistance services,
23 and cancellation fee waivers as applicable, and provides information and an
24 opportunity at or prior to the time of purchase for the consumer to obtain
25 additional information regarding the features and pricing of each.
- 26 (2) The fulfillment materials:
 - 27 a. Describe and delineate the travel insurance, travel assistance services,
28 and cancellation fee waivers in the travel protection plan.
 - 29 b. Include the travel insurance disclosures and the contact information
30 for persons providing travel assistance services and cancellation fee
31 waivers, as applicable.
 - 32 c. Includes the following language on a separate page, in at least 14-point
33 type, bolded, and all capitalized:
34 "NOTICE: THIS TRAVEL PROTECTION PLAN CONTAINS
35 MANY EXCLUSIONS TO COVERAGE. YOU SHOULD READ
36 YOUR POLICY, CERTIFICATE OF INSURANCE, AND OTHER
37 DOCUMENTS PROVIDING THIS PLAN'S COVERAGE AND
38 ASSISTANCE DETAILS. IF YOU HAVE QUESTIONS ABOUT
39 WHAT IS COVERED OR NOT COVERED UNDER THIS PLAN,
40 CONTACT THE COMPANY THAT ISSUED THIS PLAN."

41 PART XIII. EFFECTIVE DATE

42 SECTION 13. Except as otherwise provided, this act is effective when it becomes
43 law.
44