

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 737
Senate Commerce and Insurance Committee Substitute Adopted 6/10/25

Short Title: DOI Omnibus Bill.

(Public)

Sponsors:

Referred to:

April 3, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO ELIMINATE THE TRAINING COURSE REQUIREMENTS FOR INSURANCE
3 PRODUCER LICENSURE, TO CLARIFY THE APPLICABILITY OF THE CAP ON
4 INSURANCE REFERRAL FEES PAID TO NONLICENSED PERSONS, TO MAINTAIN
5 NAIC ACCREDITATION OF THE DEPARTMENT OF INSURANCE BY
6 IMPLEMENTING GROUP CAPITAL CALCULATION AND LIQUIDITY STRESS TEST
7 REQUIREMENTS, TO AMEND THE NORTH CAROLINA PROFESSIONAL
8 EMPLOYER ORGANIZATION ACT, TO REVISE THE INSURANCE GUARANTY
9 ASSOCIATION ACT, TO CLARIFY INSURANCE REBATE PERMITTED TRADE
10 PRACTICES, TO CLARIFY THE LAWS RELATING TO THE EXCHANGE OF
11 BUSINESS BETWEEN INSURANCE PRODUCERS, TO REQUIRE DRIVERS SUBJECT
12 TO THE INEXPERIENCED DRIVER PREMIUM SURCHARGE TO MAINTAIN OR
13 BENEFIT FROM CONTINUOUS LIABILITY COVERAGE, TO REVISE THE LAWS
14 GOVERNING PEER-TO-PEER VEHICLE SHARING, TO PLACE RESTRICTIONS ON
15 RESIDENTIAL LEASES REQUIRING RENTERS INSURANCE, TO MAKE CHANGES
16 TO THE EFFECTIVE DATE OF CERTAIN PROVISIONS CONCERNING THE
17 CALCULATION OF UNDERINSURED MOTORIST COVERAGE AND INSURANCE
18 RATEMAKING LAWS IN S.L. 2023-133, AS AMENDED BY S.L. 2024-29, AND TO
19 AUTHORIZE BROKERS TO REGISTER WITH MULTIPLE DEALERS UNDER
20 COMMON OWNERSHIP OR CONTROL.

21 The General Assembly of North Carolina enacts:

22
23 **PART I. ELIMINATE TRAINING COURSE REQUIREMENTS FOR INSURANCE**
24 **PRODUCER LICENSURE**

25 **SECTION 1.(a)** G.S. 58-33-30 reads as rewritten:

26 "**§ 58-33-30. License requirements.**

27 The Commissioner shall not issue or continue any license of an insurance producer, limited
28 representative, adjuster, or motor vehicle damage appraiser except as follows:

29 ...

30 (d) Education and Training. –

- 31 (1) Each applicant must ~~have had special education, training, or~~
32 ~~experience of sufficient duration and extent reasonably to satisfy the~~
33 ~~Commissioner that the applicant possesses the competence necessary~~
34 ~~to fulfill the responsibilities of~~ comply with all education, training, or
35 experience requirements of this Chapter to be licensed as an insurance
36 producer, limited representative, adjuster, or motor vehicle damage



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appraiser. The Commissioner shall not require an individual who applies for an insurance producer license in this State to complete any specific amount of instruction or any specific course of instruction.

(2) ~~All individual applicants for licensing as insurance producers under G.S. 58-33-26(e1)(1), (2), (4), (6), or (7) shall furnish evidence satisfactory to the Commissioner of successful completion of at least 20 hours of instruction for each license, which shall in all cases include the general principles of insurance and any other topics relevant to the license that the Commissioner establishes by administrative rules. Any applicant who submits satisfactory evidence of having successfully completed a producer training course that has been approved by the Commissioner and that is offered by or under the auspices of a property, casualty, life or accident and health or sickness insurance company admitted to do business in this State or a professional insurance association shall be deemed to have satisfied the educational requirements of this subdivision.~~

(3) ~~Each resident applicant for a Medicare supplement and long term care insurance license shall furnish evidence satisfactory to the Commissioner of successful completion of 10 hours of instruction, which shall in all cases include the principles of Medicare supplement and long term care insurance and federal and North Carolina law relating to such insurance. A resident applicant who submits satisfactory evidence of having successfully completed a producer training course that has been approved by the Commissioner and that is offered by or under the auspices of a licensed life or health insurer or a professional insurance association satisfies the educational requirements of this subdivision.~~

(e) Examination. –

...

(5) The Commissioner shall collect in advance the examination and registration fees provided in G.S. 58-33-125 and in ~~subsection subdivision~~ (4) of this ~~section~~-~~subsection~~. The Commissioner shall make or cause to be made available to all applicants, for a reasonable fee to offset the costs of production, materials that he considers necessary for the applicants' proper preparation for examinations. The Commissioner may contract directly with publishers and other suppliers for the production of the preparatory materials, and contracts so let by the Commissioner shall not be subject to Article 3 of Chapter 143 of the General Statutes. However, the Commissioner shall: (i) submit all proposed contracts for supplies, materials, printing, equipment, and contractual services that exceed one million dollars (\$1,000,000) authorized by this subdivision to the Attorney General or the Attorney General's designee for review as provided in G.S. 114-8.3; and (ii) include in all contracts to be awarded by the Commissioner under this subdivision a standard clause which provides that the State Auditor and internal auditors of the Commissioner may audit the records of the contractor during and after the term of the contract to verify accounts and data affecting fees and performance. The Commissioner shall not award a cost plus percentage of cost contract for any purpose.

...."

1 **SECTION 1.(b)** G.S. 58-33-32 reads as rewritten:

2 "**§ 58-33-32. Interstate reciprocity in producer licensing.**

3 ...

4 (g) An individual who applies for an insurance producer license in this State who was
5 previously licensed for the same lines of authority in that individual's home state shall not be
6 required to complete any ~~prelicensing education or~~ examination. This exemption is available only
7 if:

8 "

9 **SECTION 1.(c)** This section becomes effective October 1, 2025, and applies to
10 licensure applications submitted on or after that date.

11
12 **PART II. CLARIFY INSURANCE FEE REFERRAL CAP**

13 **SECTION 2.(a)** G.S. 58-33-82(f) reads as rewritten:

14 (f) No commission, fee, or other valuable consideration authorized under subsection (e)
15 of this section for the referral of insurance business by an unlicensed individual to a ~~licensed~~
16 ~~insurance agent or broker~~ producer licensed under G.S. 58-33-26(c1)(6) shall exceed fifty dollars
17 (\$50.00) in value. A violation of this subsection may be punished by a fine not to exceed two
18 thousand dollars (\$2,000) for each violation. ~~This subsection shall not apply to title insurance."~~

19 **SECTION 2.(b)** This section becomes effective October 1, 2025, and applies to any
20 referral of personal lines insurance business made on or after that date.

21
22 **PART III. MAINTAIN NAIC ACCREDITATION OF DOI**

23 **SECTION 3.(a)** Article 19 of Chapter 58 of the General Statutes is amended by
24 adding the following new sections to read:

25 "**§ 58-19-26. Group capital calculation.**

26 (a) Reporting Requirement. – The ultimate controlling person of every insurer subject to
27 registration pursuant to G.S. 58-19-25 shall concurrently file with the registration an annual
28 group capital calculation report. The report shall be filed with the lead state commissioner.

29 (b) Exemptions. – The ultimate controlling person of any of the following is exempt from
30 the filing requirement of subsection (a) of this section:

31 (1) An insurance holding company system that (i) has only one insurer within its
32 holding company structure, (ii) only writes insurance business, (iii) is only
33 licensed in its state of domicile, and (iv) assumes no business from any other
34 insurer.

35 (2) An insurance holding company system that is required to perform a group
36 capital calculation specified by the United States Federal Reserve Board.
37 When this exemption applies, the lead state commissioner shall request the
38 calculation from the United States Federal Reserve Board. If the United States
39 Federal Reserve Board cannot share the calculation with the lead state
40 commissioner under the terms of any information sharing agreements in
41 effect, then the insurance holding company system is not exempt from the
42 group capital calculation filing.

43 (3) An insurance holding company system whose non-United States group-wide
44 supervisor is located within a reciprocal jurisdiction that recognizes the United
45 States state regulatory approach to group supervision and group capital.

46 (4) An insurance holding company system that meets both of the following
47 requirements:

48 a. The insurance holding company system provides information to the
49 lead state commissioner that meets the requirements for accreditation
50 under the NAIC financial standards and accreditation program. The
51 insurance holding company may provide this information either

1 directly or indirectly through its group-wide supervisor. If provided
2 indirectly through a group-wide supervisor, the supervisor is
3 responsible for determining whether the information provided is
4 sufficient to permit the lead state commissioner to comply with the
5 NAIC group supervision approach, as detailed in the NAIC Financial
6 Analysis Handbook.

7 b. The insurance holding company system's non-United States
8 group-wide supervisor is not in a reciprocal jurisdiction but
9 nonetheless recognizes the group capital calculation as the worldwide
10 group capital assessment for United States insurance groups who
11 operate in that jurisdiction.

12 (c) Recognition of Group Capital Calculation. – For purposes of subdivision (b)(4) of
13 this section, a non-United States jurisdiction recognizes the group capital calculation if it satisfies
14 any of the following criteria:

15 (1) A competent regulatory authority in the jurisdiction affirms that insurers and
16 insurance groups whose lead state is accredited by the NAIC under the NAIC
17 accreditation program shall be subject only to worldwide prudential insurance
18 group supervision, including worldwide group governance, solvency and
19 capital, and reporting, as applicable, by that jurisdiction's lead state
20 commissioner and will not be subject to group supervision, including
21 worldwide group governance, solvency and capital, and reporting, at the level
22 of the worldwide parent undertaking of the insurance or reinsurance group by
23 the non-United States jurisdiction.

24 (2) A competent regulatory authority in the jurisdiction affirms that information
25 regarding insurers and their parent, subsidiary, or affiliated entities, if
26 applicable, shall be provided to the lead state commissioner in accordance
27 with an information sharing agreement in the form of a memorandum of
28 understanding or similar document. Acceptable information sharing
29 agreements include the International Association of Insurance Supervisors
30 Multilateral Memorandum of Understanding or other multilateral memoranda
31 of understanding coordinated by the NAIC. The jurisdiction does not satisfy
32 this criteria if the lead state commissioner determines, in consultation with the
33 NAIC, that the requirements of the information sharing agreements are no
34 longer in force.

35 (3) If no United States insurance groups operate in the non-United States
36 jurisdiction, that non-United States jurisdiction notifies the lead state
37 commissioner and the International Association of Insurance Supervisors in
38 writing that the jurisdiction considers the group capital calculation an
39 acceptable international capital standard.

40 (d) Limitation of Exemptions. – Notwithstanding subsection (b) of this section, the lead
41 state commissioner shall require filing of the group capital calculation for United States
42 operations of any non-United States based insurance holding company system if the lead state
43 commissioner determines that the filing is required for (i) prudential oversight and solvency
44 monitoring purposes or (ii) ensuring the competitiveness of the insurance marketplace.

45 (e) Consideration and Correction of NAIC Materials. – The lead state commissioner shall
46 consider any relevant lists, reports, and recommendations published by the NAIC in determining
47 whether the exceptions of subdivision (b)(4) of this section apply to an insurer. If the lead state
48 commissioner's determination differs from relevant materials published by the NAIC, the lead
49 state commissioner shall provide the NAIC with written justification for the difference supported
50 by documentation. If published NAIC materials indicate that a non-United States jurisdiction
51 recognizes the group capital calculation and the lead state commissioner determines that the

1 jurisdiction no longer meets the requirements of subsection (c) of this section, the lead state
2 commissioner may recommend a correction of the materials to the NAIC.

3 (f) Discretionary Exemptions. – The lead state commissioner may either (i) exempt the
4 ultimate controlling person of an insurance holding company system from the filing requirement
5 of subsection (a) of this section or (ii) authorize the ultimate controlling person of an insurance
6 holding company to file a limited group capital filing in lieu of the filing requirement of
7 subsection (a) of this section if all of the following apply:

8 (1) The insurance holding company system has annual direct written and
9 unaffiliated assumed premium, including international direct and assumed
10 premium, but excluding premiums reinsured with the Federal Crop Insurance
11 Corporation and Federal Flood Program, of less than one billion dollars
12 (\$1,000,000,000).

13 (2) The insurance holding company system does not include insurers within its
14 holding company structure that are domiciled outside of the United States or
15 one of its territories.

16 (3) The insurance holding company system does not include a banking,
17 depository, or other financial entity that is subject to an identified regulatory
18 capital framework within its holding company structure.

19 (4) The insurance holding company system attests that there are no material
20 changes in transactions between insurers and non-insurers in the group that
21 have occurred since the last filing of an annual group calculation report, if any.

22 (5) The non-insurers within the insurance holding company system do not pose a
23 material financial risk to the insurer's ability to honor policyholder
24 obligations.

25 (g) Resumption of Filings. – If the lead state commissioner determines that an insurance
26 holding company system exempted from the filing requirements of subsection (a) of this section
27 no longer meets the requirements for an exemption, the insurance holding company system shall
28 file the group capital calculation at the next annual filing date unless given an extension by the
29 lead state commissioner based on reasonable grounds shown. If the lead state commissioner,
30 pursuant to subsection (f) of this section, either grants a discretionary exemption or authorizes a
31 limited group capital filing, the lead state commissioner may require the ultimate controlling
32 person of that insurance holding company system to file an annual group calculation at any time
33 if any of the following apply:

34 (1) Any insurer within the insurance holding company system is in a risk-based
35 capital action level event as set forth in Article 12 of this Chapter or a similar
36 standard for a non-United States insurer.

37 (2) Any insurer within the insurance holding company system meets one or more
38 of the standards of an insurer deemed to be in hazardous financial condition
39 pursuant to the criteria provided in G.S. 58-30-60.

40 (3) Any insurer within the insurance holding company system otherwise exhibits
41 qualities of a troubled insurer as determined by the lead state commissioner
42 based on unique circumstances, including the type and volume of business
43 written, ownership and organizational structure, federal agency requests, and
44 international supervisor requests.

45 **§ 58-19-27. Liquidity stress test.**

46 (a) Participation and Reporting Requirement. – The ultimate controlling person of every
47 insurer subject to registration pursuant to G.S. 58-19-25 shall be included in the NAIC liquidity
48 stress test framework and file a report with the lead state commissioner detailing the results of a
49 specific year's liquidity stress test if either of the following applies:

50 (1) The insurer meets the scope criteria of that data year's NAIC liquidity stress
51 test framework.

1 (2) The insurer did not meet the scope criteria of that data year's liquidity stress
 2 test framework, but the lead state commissioner, in consultation with the
 3 NAIC Financial Stability Task Force or its successor, nonetheless determines
 4 the insurer should be included in the NAIC liquidity stress test framework for
 5 that data year. In making this determination, the lead state commissioner shall
 6 attempt to avoid the frequent inclusion or exclusion of insurers.

7 (b) The performance of, and filing of the results from, a specific year's liquidity stress
 8 test shall comply with (i) the NAIC liquidity stress test framework's instructions and reporting
 9 templates for that year and (ii) all lead state commissioners' directives issued in consultation with
 10 the NAIC Financial Stability Task Force or its successor.

11 (c) Exemptions. – The lead state commissioner may, in consultation with the NAIC
 12 Financial Stability Task Force or its successor, exempt an ultimate controlling person from the
 13 reporting requirements of subsection (a) of this section. The lead state commissioner shall
 14 consider the intent of regulators to avoid having insurers scoped in and out of the NAIC liquidity
 15 stress test framework on a frequent basis when making this determination.

16 **"§ 58-19-28. Dissemination prohibited.**

17 (a) Unless otherwise provided by law, the making, publishing, disseminating, circulating,
 18 or placing before the public, or causing directly or indirectly to be made, published, disseminated,
 19 circulated, or placed before the public in a newspaper, magazine, or other publication, or in the
 20 form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station or
 21 any electronic means of communication available to the public, or in any other way as an
 22 advertisement, announcement, or statement containing a representation or statement with regard
 23 to the group capital calculation, group capital ratio, the liquidity stress test results, or supporting
 24 disclosures for the liquidity stress test of any insurer or any insurer group, or of any component
 25 derived in the calculation by any insurer, broker, or other person engaged in any manner in the
 26 insurance business is prohibited.

27 (b) Notwithstanding subsection (a) of this section, if any materially false statement with
 28 respect to the group capital calculation, resulting group capital ratio, an inappropriate comparison
 29 of any amount to an insurer's or insurance group's group capital calculation or resulting group
 30 capital ratio, liquidity stress test result, supporting disclosures for the liquidity stress test, or an
 31 inappropriate comparison of any amount to an insurer's or insurance group's liquidity stress test
 32 result, or supporting disclosures is published in any written publication and the insurer is able to
 33 demonstrate to the Commissioner with substantial proof the falsity or inappropriateness of the
 34 statement, then the insurer may publish announcements in a written publication if the sole
 35 purpose of the announcement is to rebut the materially false or inappropriate statement."

36 **SECTION 3.(b)** G.S. 58-19-5 reads as rewritten:

37 **"§ 58-19-5. Definitions.**

38 As used in this Article, unless the context requires otherwise, the following terms have the
 39 following meanings:

40 ...

41 (10a) Group capital calculation. – A report, completed in accordance with the group
 42 capital calculation instructions as adopted and amended by the NAIC, used to
 43 evaluate the capital adequacy of insurance holding company systems that
 44 includes information on the sources of capital within the system, where that
 45 capital is located, and sources of risk.

46 ~~(10a)~~(10b) Group-wide supervisor. – The regulatory official authorized to engage in
 47 conducting and coordinating group-wide supervision activities who is
 48 determined or acknowledged by the Commissioner under G.S. 58-19-38 to
 49 have sufficient significant contacts with the internationally active insurance
 50 group.

51 ...

1 (12b) Lead state commissioner. – The person responsible for regulating the
 2 insurance holding company system as determined by the Commissioner in
 3 accordance with the procedures within the Financial Analysis Handbook
 4 adopted by the NAIC.

5 (12c) Limited group capital filing. – A simplified version of the group capital
 6 calculation, completed in accordance with procedures adopted by the NAIC,
 7 where an insurance holding company system only provides a limited amount
 8 of data, allowing them to avoid the filing of a full group capital calculation.

9 (12d) Liquidity stress test. – A process simulating extreme market conditions to
 10 assess an entity's ability to maintain sufficient liquidity in response to adverse
 11 events.

12 (12e) NAIC. – The National Association of Insurance Commissioners.

13 (12f) NAIC liquidity stress test framework. – A publication, adopted and amended
 14 by the NAIC in accordance with procedures adopted by the NAIC, which
 15 includes a history of the NAIC's development of regulatory liquidity stress
 16 testing, the scope criteria applicable for a specific data year, and the liquidity
 17 stress test instructions and reporting templates for a specific data year.

18 ...

19 (13a) Reciprocal jurisdiction. – As defined in G.S. 58-7-21(b)(4b).

20 (13b) Scope criteria. – Designated exposure bases, detailed in the NAIC liquidity
 21 stress test framework along with minimum magnitudes thereof for the
 22 specified data year, used to establish a preliminary list of insurers included in
 23 the NAIC liquidity stress test framework for that data year.

24 "

25 **SECTION 3.(c)** G.S. 58-19-15 reads as rewritten:

26 **"§ 58-19-15. Acquisition of control of or merger with domestic insurer.**

27 ...
 28 (b) The statement to be filed with the Commissioner under subsection (a) of this section
 29 shall be furnished on a Form A as prescribed by the Commissioner, made under oath or
 30 affirmation, and shall contain the following information:

31 ...

32 (11a) An agreement by the person required to file the statement referred to in
 33 subsection (a) of this section that it will provide the annual report, as specified
 34 in G.S. 58-19-25, G.S. 58-19-25(l), for so long as control exists.

35 "

36 **SECTION 3.(d)** G.S. 58-19-25 reads as rewritten:

37 **"§ 58-19-25. Registration of ~~insurers~~insurers; disclaimer of affiliation; enterprise risk**
 38 filings.

39 ...
 40 (c) No information need be disclosed on the registration statement filed pursuant to
 41 subsection (b) of this section if such information is not ~~material for the purposes of this section.~~
 42 ~~Unless the Commissioner by rule or order provides otherwise, all~~ material. For purposes of this
 43 section, all sales, purchases, exchanges, loans or extensions of credit, investments, or guarantees
 44 involving one-half of one percent (~~1/2%~~)(0.5%) or less of an insurer's admitted assets as of
 45 the preceding December 31 are not ~~material for the purposes of this section.~~material, unless the
 46 Commissioner by rule or order provides otherwise. This subsection does not apply to the
 47 reporting requirements of G.S. 58-19-26 and G.S. 58-19-27.

48 ...
 49 (l) Effective January 1, 2016, the ultimate controlling person of every insurer subject to
 50 registration shall also file an annual enterprise risk report on Form F as prescribed by the
 51 Commissioner. The report shall, to the best of the ultimate controlling person's knowledge and

1 belief, identify the material risks within the insurance holding company system that could pose
 2 enterprise risk to the insurer. The report shall be filed with the lead state ~~commissioner of the~~
 3 ~~insurance holding company system as determined by the procedures within the Financial~~
 4 ~~Analysis Handbook adopted by the NAIC commissioner."~~

5 SECTION 3.(e) G.S. 58-19-40 reads as rewritten:

6 "**§ 58-19-40. Confidential treatment.**

7 (a) Documents, materials, or other information in the possession or control of the
 8 Department that are obtained by or disclosed to the Commissioner or any other person in the
 9 course of an examination or investigation made pursuant to G.S. 58-19-35, and all information
 10 reported or provided to the Department pursuant to subdivisions (11a) and (11b) of
 11 G.S. 58-19-15(b), G.S. 58-19-25, G.S. 58-19-30 and G.S. 58-19-38 are recognized by this State
 12 as being proprietary and to contain trade secrets, and shall be confidential by law and privileged,
 13 shall not be considered a public record under either G.S. 58-2-100 or Chapter 132 of the General
 14 Statutes, shall not be subject to subpoena, and shall not be subject to discovery or admissible in
 15 evidence in any private civil action. However, the Commissioner is authorized to use the
 16 documents, materials, or other information in the furtherance of any regulatory or legal action
 17 brought as a part of the Commissioner's official duties. The Commissioner shall not otherwise
 18 make the documents, materials, or other information public without the prior written consent of
 19 the insurer to which it pertains unless the Commissioner, after giving the insurer and its affiliates
 20 who would be affected thereby notice and opportunity to be heard, determines that the interest of
 21 policyholders, shareholders, or the public will be served by the publication thereof, in which
 22 event the Commissioner may publish all or any part of the information in such manner as may
 23 be deemed appropriate.

24 (a1) With respect to information provided to the Department pursuant to G.S. 58-19-26
 25 and G.S. 58-19-27, the Commissioner shall:

26 (1) Maintain the confidentiality of the group capital calculation and group capital
 27 ratio produced within the calculation and any group capital information
 28 received from an insurance holding company system supervised by the
 29 Federal Reserve Board or any United States group-wide supervisor.

30 (2) Maintain the confidentiality of the liquidity stress test results and supporting
 31 disclosures and any liquidity stress test information received from an
 32 insurance holding company system supervised by the Federal Reserve Board
 33 and non-United States group-wide supervisors.

34 ...

35 (c) In order to assist in the performance of the duties imposed by this Article, the
 36 Commissioner:

37 (1) May share documents, materials, or other information, including the
 38 confidential and privileged documents, materials, or information subject to
 39 subsection (a) of this section, including proprietary and trade secret documents
 40 and materials, with ~~other~~ all of the following:

41 a. Other state, federal, and international regulatory agencies, with the
 42 NAIC and its affiliates and subsidiaries, and with state, agencies.

43 b. The NAIC.

44 c. Any third-party consultants designated by the Commissioner.

45 d. State, federal, and international law enforcement authorities, including
 46 members of any supervisory college described in G.S. 58-19-37,
 47 provided that the recipient agrees in writing to maintain the
 48 confidentiality and privileged status of the document, material, or
 49 other information and has verified in writing the legal authority to
 50 maintain confidentiality.

- 1 (2) Notwithstanding subdivision (1) of this subsection, may only share
2 confidential and privileged documents, material, or information reported
3 pursuant to ~~G.S. 58-19-25~~ G.S. 58-19-25(l) with Commissioners of states
4 having statutes or regulations substantially similar to subsection (a) of this
5 section and who have agreed in writing not to disclose such information.
- 6 (3) May receive documents, materials, or information, including otherwise
7 confidential and privileged documents, materials, or ~~information~~ information,
8 including proprietary and trade-secret information, from the NAIC and its
9 affiliates and subsidiaries and from regulatory and law enforcement officials
10 of other foreign or domestic jurisdictions, and shall maintain as confidential
11 or privileged any document, material, or information received with notice or
12 the understanding that it is confidential or privileged under the laws of the
13 jurisdiction that is the source of the document, material, or information.
- 14 (4) Shall enter into written agreements with the NAIC and any third-party
15 consultant designated by the Commissioner governing sharing and use of
16 information provided pursuant to this Article consistent with this subsection
17 that ~~shall~~ shall do all of the following:
- 18 a. Require a recipient to maintain the confidentiality and privileged
19 status of any documents, materials, or information. Specify procedures
20 and protocols regarding the confidentiality and security of information
21 shared with the NAIC ~~and its affiliates and subsidiaries~~ or a third-party
22 consultant designated by the Commissioner pursuant to this Article,
23 including procedures and protocols for sharing by the NAIC with other
24 state, federal, or international ~~regulators;~~ regulators. The agreement
25 shall require a recipient to verify in writing that the recipient has
26 reviewed the legal authority supporting any confidentiality or
27 privilege.
- 28 b. Specify that ownership of information shared with the NAIC ~~and its~~
29 ~~affiliates and subsidiaries~~ or a third-party consultant pursuant to this
30 Article remains with the Commissioner, and the NAIC's ~~use of the~~
31 ~~information by the NAIC or third-party consultant~~ designated by the
32 Commissioner is subject to the direction of the
33 ~~Commissioner;~~ Commissioner.
- 34 c. Prohibit the NAIC or third-party consultant designated by the
35 Commissioner from storing the information shared pursuant to this
36 section in a permanent database after the underlying analysis is
37 completed. This sub-subdivision does not apply to documents,
38 material, or information reported pursuant to G.S. 58-19-27.
- 39 e.d. Require prompt notice to be given to an insurer whose confidential
40 information in the possession of the NAIC ~~or a third-party consultant~~
41 designated by the Commissioner pursuant to this Article is subject to
42 a request or subpoena to the NAIC for disclosure or ~~production;~~
43 ~~and production.~~
- 44 e.e. Require the NAIC ~~and its affiliates and subsidiaries~~ or a third-party
45 consultant designated by the Commissioner to consent to intervention
46 by an insurer in any judicial or administrative action in which the
47 NAIC ~~and its affiliates and subsidiaries~~ or a third-party consultant
48 designated by the Commissioner may be required to disclose
49 confidential information about the insurer shared with the NAIC ~~and~~
50 ~~its affiliates and subsidiaries~~ or a third-party consultant designated by
51 the Commissioner pursuant to Article 19 of this Chapter.

f. Require the Commissioner to notify an insurer when documents, materials, or information confidential or privileged to that insurer are shared with a third-party consultant. The notification shall include the identity of the third-party consultant. This sub-subdivision only applies to documents, materials, or information shared pursuant to G.S. 58-19-27.

...
(f) Documents, materials, or other information in the possession or control of the NAIC or a third-party consultant designated by the Commissioner pursuant to a requirement of this Article shall be confidential by law and privileged, shall not be considered a public record under G.S. 58-2-100 or Chapter 132 of the General Statutes, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action."

SECTION 3.(f) This section becomes effective January 1, 2026.

PART IV. CHANGES TO THE NORTH CAROLINA PROFESSIONAL EMPLOYER ORGANIZATION ACT

SECTION 4.(a) G.S. 58-89A-5 reads as rewritten:

"§ 58-89A-5. Definitions.

In this Article:

...
(3) "Audited ~~GAAP~~ financial statement" means a financial statement that is audited by an independent certified public accountant and presented in accordance with generally accepted accounting principles.

...
(17) "Tangible net worth" means the difference between total tangible assets and total liabilities. For purposes of this definition, tangible assets are physical assets and do not include goodwill, patents, copyrights, intellectual property, trademarks, and any other non-physical asset.

~~(17)~~(18) "Temporary employees" means persons employed under an arrangement by which an organization hires its own employees and assigns them to a client company to support or supplement the client's workforce in a special work situation, including:

...
(19) "Working capital" means the difference between current assets and current liabilities."

SECTION 4.(b) G.S. 58-89A-35 reads as rewritten:

"§ 58-89A-35. License required; professional employer organization groups.

...
(b) Two or more ~~professional employer organizations~~ persons that are controlled by the same ultimate parent, entity, or persons may be licensed as a professional employer organization group. A professional employer organization group may satisfy the reporting and financial requirements of this Article on a consolidated or combined basis. As a condition of licensure as a professional employer organization group, each ~~professional employer organization person~~ that is proposes to be a member of the a professional employer organization group shall guarantee payment of all financial obligations of every other member. Notwithstanding the definition of "person" in this Article, whenever two or more entities ~~combine to~~ seek issuance of a single license under this Article, the requirements for group licensure under this subsection shall be met before issuance of a license and any license issued will be a professional employer organization group license issued pursuant to this subsection."

SECTION 4.(c) G.S. 58-89A-50 reads as rewritten:

"§ 58-89A-50. Surety bond; letter of credit; other deposits.

1 (a) An applicant for licensure shall file with the Commissioner a surety bond, or other
 2 items as set forth in subsection (f) of this section, in the amount of one hundred thousand dollars
 3 (\$100,000) for the benefit of the Commissioner. An applicant ~~whose current assets do not exceed~~
 4 ~~current liabilities~~ or licensee who does not have positive working capital pursuant to
 5 G.S. 58-89A-60(b) shall file an additional surety bond or other items set forth in subsection (f)
 6 of this section equal to or in excess of ~~current liabilities less current assets~~.the applicant's or
 7 licensee's negative working capital.

8"

9 **SECTION 4.(d)** G.S. 58-89A-60(g) is repealed.

10 **SECTION 4.(e)** G.S. 58-89A-60, as amended by Section 4(d) of this act, reads as
 11 rewritten:

12 "**§ 58-89A-60. License application.**

13 (a) Every applicant for licensure shall file with the Commissioner, on a form prescribed
 14 by the Commissioner, the following information:

15 ...

16 (3) A list of all ~~officers~~officers, directors, and other controlling persons of the
 17 applicant, their biographical information, including their education,
 18 management background, and business experience, and an affidavit from each
 19 attesting to his or her good moral character and management competence.

20 ...

21 (6) Any other reasonable information the Commissioner deems necessary ~~and~~
 22 ~~requires by rule~~ to establish that the applicant and the officers and controlling
 23 persons are of good moral character, have business integrity, have applicable
 24 educational and business experience, and have financial responsibility.

25 (b) Every applicant shall file with the Commissioner an audited ~~GAAP~~ financial
 26 statement, prepared as of a date not more than ~~90~~120 days before the date of application that
 27 demonstrates that the applicant ~~or licensee's current assets exceed current liabilities and attached~~
 28 has a tangible net worth of not less than fifty thousand dollars (\$50,000) and positive working
 29 capital. The applicant shall attach to which is the audited financial statement a separate document
 30 signed by the applicant's chief executive and the chief financial officer certifying that (i) each
 31 has reviewed the audited financial statement; (ii) based on each signatory's knowledge, the
 32 audited financial statement does not contain any untrue or misleading statement of material fact
 33 or omit a fact with respect to the period covered by the audited financial statement; and (iii) based
 34 on each signatory's knowledge, the audited financial statement fairly presents in all material
 35 respects the financial condition of the licensee-applicant as of, and for, the period presented in
 36 the audited financial statement.

37 Notwithstanding the requirements of this subsection, the Commissioner may, in the
 38 Commissioner's discretion, accept an audited ~~GAAP~~ financial statement that has been prepared
 39 more than ~~90~~120 days before submission to the Commissioner if the Commissioner deems such
 40 acceptance appropriate. The Commissioner may, in the Commissioner's discretion, impose
 41 conditions upon such acceptance of audited financial statements prepared more than ~~90~~120 days
 42 prior to submission.

43 The audited ~~GAAP~~ financial statement shall be prepared ~~in accordance with generally~~
 44 ~~accepted accounting principles and audited~~ by an independent certified public accountant
 45 licensed to practice in the jurisdiction in which such accountant is located and shall be without
 46 qualification as to the going concern status of the ~~PEO. A PEO group applicant. Persons applying~~
 47 for a professional employer organization group license may submit combined or consolidated
 48 audited financial statements to meet the requirements of this section, except that a PEO provided
 49 that the combined or consolidated audited financial statement include a combining or
 50 consolidating balance sheet and statement of operations of each proposed member as
 51 supplemental information to the combined or consolidated audited financial statement. An

1 ~~applicant that has not had sufficient operating history to have audited financial statements based~~
2 ~~upon does not have~~ at least 12 months of operating history ~~must~~ may meet the financial capacity
3 requirements of this subsection ~~and present by filing with the Commissioner financial statements~~
4 ~~that have been reviewed by a an independent certified public accountant: accountant~~ and that have
5 ~~been prepared as of a date not more than 90 days before the date of application.~~

6 (b1) The Commissioner may accept the audited financial statement of an applicant's parent
7 company, if the audited financial statement includes either a combining or consolidating balance
8 sheet, income statement, statement of changes in equity, and statement of cash flows as
9 supplemental information to the audited financial statement, the contents of which will allow the
10 Commissioner to determine the financial condition and financial responsibility of the applicant.

11 (b2) The Commissioner may accept the audited financial statement of an applicant's parent
12 company and consider the financial condition and financial responsibility of the parent company
13 in lieu of the applicant, if all of the following requirements are satisfied:

14 (1) The parent executes a guaranty agreement, in a form prescribed by the
15 Commissioner, for the guaranty of all obligations related to the applicant's
16 current and future client companies, including its obligations for payroll,
17 payroll-related taxes, workers' compensation insurance, and employee
18 benefits.

19 (2) The applicant files with the Commissioner documentation acceptable to the
20 Commissioner evidencing the parent's control.

21 (3) The applicant submits an audited financial statement that meets the
22 requirements of subsection (b1) of this section that allows the Commissioner
23 to determine the financial condition and financial responsibility of the parent
24 and the applicant.

25 ...

26 (d) Every applicant shall furnish the Commissioner a complete set of fingerprints of each
27 officer, director, and controlling person in a form prescribed by the Commissioner. Each set of
28 fingerprints shall be certified by an authorized law enforcement officer.

29 Upon request by the Department, the State Bureau of Investigation shall provide to the
30 Department from the State and National Repositories of Criminal Histories the criminal history
31 of any applicant and the officer, director, and controlling person of any applicant. Along with the
32 request, the Department shall provide to the State Bureau of Investigation the fingerprints of the
33 person that is the subject of the request, a form signed by the person that is the subject of the
34 request consenting to the criminal record check and use of fingerprints and other identifying
35 information required by the State and National Repositories, and any additional information
36 required by the State Bureau of Investigation. The person's fingerprints shall be used by the State
37 Bureau of Investigation for a search of the State's criminal history record file, and the State
38 Bureau of Investigation may forward a set of fingerprints to the Federal Bureau of Investigation
39 for a national criminal history record check. The Department shall keep all information obtained
40 pursuant to this subsection confidential. The State Bureau of Investigation may charge a fee to
41 offset the cost incurred by it to conduct a criminal record check under this section. The fee shall
42 not exceed the actual cost of locating, editing, researching, and retrieving the information.

43 In the event that an applicant has secured a professional employer organization license in
44 another state in which the professional employer organization's controlling persons have
45 completed a criminal background investigation within 12 months of this application, a certified
46 copy of the report from the appropriate authority of that state may satisfy the requirement of this
47 subsection. This subsection also applies to a change in ~~a the officers, directors, and other~~
48 ~~controlling party persons of a professional employer organization. organizations and professional~~
49 employer organization groups licensed under this Article. For purposes of investigation under
50 this subsection, the Commissioner shall have all the power conferred by G.S. 58-2-50 and other
51 applicable provisions of this Chapter.

1 ...
 2 (g1) The Commissioner may deny the license of an applicant under this Article if the
 3 Commissioner finds any of the following:

- 4 (1) That an officer, director, or other controlling person has:
 5 a. Not met the requirements of G.S. 58-89A-40.
 6 b. Made any untrue material statement or omitted any material
 7 information regarding their background or experience.
 8 c. Violated, or failed to comply with, any professional employer services
 9 law or any rule or order of the Commissioner or of any other State
 10 official responsible for the regulation of any aspect of the applicant's
 11 business.
 12 d. Obtained or attempted to obtain the license through misrepresentation
 13 or fraud.
 14 e. Been convicted of a felony.
 15 f. Been found in a final judgment or administrative proceeding to have
 16 committed fraud or an unfair trade practice.
 17 g. Been an officer, director, or other controlling person in another
 18 professional employer organization that has had its license or
 19 registration suspended, terminated, or revoked by any state.
 20 (2) That the applicant is not current with respect to all of its obligations for
 21 payroll, payroll-related taxes, workers' compensation insurance, and
 22 employee benefits and the applicant has failed to satisfy the Commissioner as
 23 to the reasons why.
 24 (3) That the applicant does not possess:
 25 a. A tangible net worth of not less than fifty thousand dollars (\$50,000).
 26 b. Positive working capital, or in lieu of positive working capital,
 27 substitute security as provided under G.S. 58-89A-50(a).
 28 (4) That the applicant has not provided evidence satisfactory to the Commissioner
 29 of financial responsibility.
 30 (5) That the applicant has failed to satisfy the requirements of G.S. 58-89A-50.
 31 (6) That a ground upon which the Commissioner could take disciplinary action
 32 against a licensee or other person subject to licensure requirements pursuant
 33 to G.S. 58-89A-155 applies to the applicant.

34 (h) If the Commissioner finds that the applicant has not fully met the requirements for
 35 licensure, the Commissioner shall refuse to issue the license and shall notify the applicant in
 36 writing of the denial, stating the grounds for the denial. ~~The application may also be denied for~~
 37 ~~any reason for which a license may be suspended or terminated under G.S. 58-89A-155.~~ To
 38 obtain a review to determine the reasonableness of the Commissioner's denial, the applicant shall
 39 make written demand upon the Commissioner within 30 days after notice is given under
 40 G.S. 150B-38(c). The review shall be completed without undue delay, and the applicant shall be
 41 notified promptly in writing as to the outcome of the review. If the applicant disagrees with the
 42 outcome of the review and seeks a hearing, under Article 3A of Chapter 150B of the General
 43 Statutes, on the outcome of the review, the applicant shall make a written demand upon the
 44 Commissioner for the hearing within 30 days after notice of the outcome of the review is given
 45 under G.S. 150B-38(c).

46 (i) Removal, demotion, or discharge of ~~a~~ an officer, director, or other controlling person
 47 in response to an order of the Commissioner of the alleged unsuitability of that person is an
 48 affirmative defense to any claim by that individual based on the removal, demotion, or discharge.

49"

50 **SECTION 4.(f)** G.S. 58-89A-70 reads as rewritten:

51 **"§ 58-89A-70. License issuance and maintenance.**

1 ...
 2 (c) By obtaining licensure under this Article, the officers, directors, and other controlling
 3 persons of a licensee certify, under penalty of law, their compliance with the requirements of
 4 licensure and of operation as a professional employer organization pursuant to this Article.

5 (d) Within 120 days after the end of each fiscal year, each licensee shall file with the
 6 Commissioner all of the following information:

7 (1) ~~Evidence of "financial responsibility" as set forth in G.S. 58-89A-60(b).~~An
 8 audited financial statement of the licensee or, if allowed by the Commissioner,
 9 an audited financial statement of the licensee's parent. The audited financial
 10 statement shall be in the form required by G.S. 58-89A-60(b), (b1), or (b2), as
 11 appropriate.

12 ...
 13 (4) An attestation, executed by the chief financial officer and the chief executive
 14 officer of the licensee, that the licensee is current with respect to all of its
 15 obligations for payroll, payroll-related taxes, workers' compensation
 16 insurance, and employee benefits. If any of the obligations listed in this
 17 subdivision are in dispute with a client and the disputed amount is material
 18 when considered in the context of the licensee's most recent audited financial
 19 statement, then the licensee shall disclose the nature of the dispute causing the
 20 obligations to be unpaid and the amount of money in controversy.

21 ~~(4)(5)~~ Any other reasonable information the Commissioner determines is needed for
 22 the review of a licensee.

23 (e) In order to maintain licensure, each licensee may be required to file with the
 24 Commissioner no later than ~~45-60~~ days after the end of each quarter of the fiscal year:

25 (1) A financial statement for the preceding quarter that is not audited but is set
 26 forth in a format similar to the annual audited ~~GAAP~~ financial statement; and

27 (2) ~~An attestation, executed by the chief financial officer and the chief executive~~
 28 ~~officer of the licensee, that the licensee is current with respect to all of its~~
 29 ~~obligations for payroll, payroll-related taxes, workers' compensation~~
 30 ~~insurance, and employee benefits. If any of the obligations listed in this~~
 31 ~~subdivision are in dispute with a client and the disputed amount is material~~
 32 ~~when considered in the context of the licensee's most recent audited financial~~
 33 ~~statement, then the licensee shall disclose the nature of the dispute causing the~~
 34 ~~obligations to be unpaid and the amount of money in controversy.~~attestation
 35 in the form required by subdivision (4) of subsection (d) of this section."

36 **SECTION 4.(g)** G.S. 58-89A-75 reads as rewritten:

37 "**§ 58-89A-75. De minimis registration.**

38 (a) A person who seeks to offer limited professional employer services in this State shall
 39 be eligible for de minimis registration status upon compliance with this section and may operate
 40 as a de minimis registrant in this State upon notification pursuant to this section. A person shall
 41 satisfy the requirements for a de minimis registration only if the professional employer
 42 organization:

43 (1) Does not maintain a physical professional employer organization office
 44 located in this State;

45 (2) Is not domiciled in this State;

46 ~~(2)(3)~~ Does not employ salespersons who reside or direct their sales activities in this
 47 State;

48 ~~(3)(4)~~ Does not employ directly or in common control with another person, as
 49 defined in G.S. 58-89A-5(12), more than 50 assigned employees in this State;

50 ~~(4)(5)~~ Does not advertise through any media outlet physically located in this
 51 ~~State;~~State, provided, however, that this subdivision shall not prohibit a person

1 from advertising through publications, trade journals, directories, radio,
 2 television, or the internet if such advertising is not expressly directed toward
 3 employers in this State.

4 ~~(5)(6)~~ Is a licensed ~~or registered~~ professional employer organization in at least one
 5 other state of the United States; and

6 ~~(6)(7)~~ Is operated by and under the control of persons of good moral character.

7 A professional employer organization operating under a de minimis registration shall be subject
 8 to all of the responsibilities and authority of a licensee under this Article except for
 9 G.S. 58-89A-50, 58-89A-60 and 58-89A-70(c), (d), and (e).

10"

11 **SECTION 4.(h)** This section is effective when it becomes law and applies to
 12 applications for license issuance or renewal submitted on or after that date.

13 **PART V. INSURANCE GUARANTY ASSOCIATION ACT REVISIONS**

14 **SECTION 5.(a)** G.S. 58-48-10 reads as rewritten:

15 **"§ 58-48-10. Scope.**

16 This Article shall apply to all kinds of direct insurance, but shall not be applicable to:

17 ...

18 (5) ~~Insurance—Other than coverages that may be set forth in a cybersecurity~~
 19 insurance policy, insurance of warranties or service contracts;

20"

21 **SECTION 5.(b)** G.S. 58-48-20 reads as rewritten:

22 **"§ 58-48-20. Definitions.**

23 As used in this Article:

24 ...

25 (4) Covered claim. – An unpaid claim, including one of unearned premiums,
 26 which is in excess of fifty dollars (\$50.00) and arises out of and is within the
 27 coverage and not in excess of the applicable limits of an insurance policy to
 28 which this Article applies ~~as issued by an insurer, if that insurer~~ if the policy
 29 was issued by an insurer that becomes an insolvent insurer after the effective
 30 date of this Article and (i) the claimant or insured is a resident of this State at
 31 the time of the insured event; or (ii) the property from which the claim arises
 32 is permanently located in this State. "Covered claim" includes claim
 33 obligations that arose through the issuance of an insurance policy by a member
 34 insurer, which are later allocated, transferred, merged into, novated, assumed
 35 by, or otherwise made the sole responsibility of a member or nonmember
 36 insurer if (i) the original member insurer has no remaining obligations on the
 37 policy after the transfer, (ii) a final order of liquidation with a finding of
 38 insolvency has been entered against the insurer that assumed the member's
 39 coverage obligations by a court of competent jurisdiction in the insurer's state
 40 of domicile, (iii) the claim would have been a covered claim, as defined in this
 41 subdivision, if the claim had remained the responsibility of the original
 42 member insurer and the order of liquidation had been entered against the
 43 original member insurer, with the same claim submission date and liquidation
 44 date, and (iv) in cases where the member's coverage obligations were assumed
 45 by a nonmember insurer, the transaction received prior regulatory or judicial
 46 approval. "Covered claim" shall not include any amount awarded (i) as
 47 punitive or exemplary damages; (ii) sought as a return of premium under any
 48 retrospective rating plan; or (iii) due any reinsurer, insurer, insurance pool, or
 49 underwriting association, as subrogation or contribution recoveries or
 50 otherwise. "Covered claim" also shall not include fines or penalties, including
 51

attorneys' fees, imposed against an insolvent insurer or its insured or claims of any claimant whose net worth exceeds fifty million dollars (\$50,000,000) on December 31 of the year preceding the date the insurer becomes insolvent.

(4a) Cybersecurity insurance. – Includes first and third-party coverage, in a policy or endorsement, written on a direct, admitted basis by a member insurer for losses and loss mitigation arising out of or relating to data privacy breaches, unauthorized information network security intrusions, computer viruses, ransomware, cyber extortion, identity theft, and similar exposures.

...."

SECTION 5.(c) G.S. 58-48-35 reads as rewritten:

"§ 58-48-35. Powers and duties of the Association.

(a) The Association shall:

(1) Be obligated to the extent of the covered claims existing prior to the determination of insolvency and arising within 30 days after the determination of insolvency, or before the policy expiration date if less than 30 days after the determination, or before the insured replaces the policy or causes its cancellation, if he does so within 30 days of the determination. This obligation includes only the amount of each covered claim that is in excess of fifty dollars (\$50.00) and is less than five hundred thousand dollars (\$500,000). However, the Association shall pay the full amount of a covered claim for benefits under a workers' compensation insurance coverage, and shall pay an amount not exceeding ten thousand dollars (\$10,000) per policy for a covered claim for the return of unearned premium. In no event shall the Association be obligated to pay an amount in excess of five hundred thousand dollars (\$500,000) for all first and third-party claims under a policy or endorsement providing, or that is found to provide, cybersecurity insurance coverage and arising out of or related to a single insured event, regardless of the number of claims made or the number of claimants. The Association has no obligation to pay a claimant's covered claim, except a claimant's workers' compensation claim, if:

...

(4) Investigate claims brought against the Association and adjust, compromise, settle, and pay covered claims to the extent of the Association's obligation and deny all other ~~claims and may review settlements, releases and judgments to which the insolvent insurer or its insureds were parties to determine the extent to which such settlements, releases and judgments may be properly contested claims.~~ This requirement is subject to the following provisions:

a. When investigating, adjusting, compromising, or settling claims, the Association may appoint, substitute, and direct legal counsel for the defense of covered claims and appoint and direct other service providers for covered services.

b. The Association may pay in any order that it deems reasonable, including the payment of claims as they are received from the claimants or in groups or categories of claims.

...

(8) Have the right to review and contest settlements, releases, compromises, waivers, and judgments to which the insolvent insurer or its insureds were parties prior to the entry of the order of liquidation. This right is subject to the following provisions:

a. In addition to any defenses available to the insurer, the Association may assert any statutory defenses or rights of offset against any

1 settlement, release, compromise, or waiver executed by an insured or
2 the insurer or any judgment taken against the insured or the insurer.

3 b. The Association is not bound by a settlement, release, compromise, or
4 waiver executed by an insured or the insurer or any judgment entered
5 against an insured or the insurer by consent or through a failure to
6 exhaust all appeals if the settlement, release, compromise, waiver, or
7 judgment was:

8 1. Executed or entered within 120 days prior to the entry of an
9 order of liquidation, and the insured or the insurer did not use
10 reasonable care in entering into the settlement, release,
11 compromise, waiver, or judgment, or did not pursue all
12 reasonable appeals of an adverse judgment; or

13 2. Executed by or taken against an insured or the insurer based on
14 default, fraud, collusion, or the insurer's failure to defend.

15 c. If a court of competent jurisdiction finds that the Association is not
16 bound by a settlement, release, compromise, waiver, or judgment for
17 any of the reasons described in sub-subdivision b. of this subdivision,
18 the settlement, release, compromise, waiver, or judgment shall be set
19 aside, and the Association shall be permitted to defend any covered
20 claim on the merits. The settlement, release, compromise, waiver, or
21 judgment may not be considered as evidence of liability or damages in
22 connection with any claim brought against the Association or any
23 other party under this Article.

24 d. Any covered claims arising from any judgment under any decision,
25 verdict, or finding based on the default of the insolvent insurer or its
26 failure to defend an insured shall, upon application and notice by the
27 Association, be vacated and set aside by the same court in which such
28 judgment, order, decision, verdict, or finding is entered, and the
29 Association either on its own behalf or on behalf of any insured or an
30 insolvent insurer shall be permitted to defend against such claim on
31 the merits. Any party who has obtained any such judgment or order
32 shall have the right, upon application and notice, to have the judgment
33 or order restored if within 90 days following the entry of the judgment
34 or order the Association has not notified such party and the court that
35 it intends to defend the matter on the merits.

36"

37 **SECTION 5.(d)** G.S. 58-48-50 reads as rewritten:

38 **"§ 58-48-50. Effect of paid claims.**

39 ...

40 (a1) The Association shall have the right to recover from the following persons the amount
41 of any "covered claim" paid and any and all expenses incurred, including attorneys' fees and costs
42 of defense, in connection with any claim against the person or the person's affiliate pursuant to
43 this Article:

44 (1) Any insured whose net worth on December 31 of the year next preceding the
45 date the insurer becomes insolvent exceeds fifty million dollars (\$50,000,000)
46 and whose liability obligations to other persons are satisfied in whole or in
47 part by payments under this ~~Article~~; Article, provided that an insured's net
48 worth on that date shall be deemed to include the aggregate net worth of the
49 insured and all of its subsidiaries and affiliates as calculated on a consolidated
50 basis; or

51"

SECTION 5.(e) G.S. 58-48-85 reads as rewritten:

"§ 58-48-85. Stay of ~~proceedings; reopening of default judgments.~~proceedings.

All proceedings in which the insolvent insurer is a party or is obligated to defend a party in any court or before any administrative agency or the North Carolina Industrial Commission shall be stayed automatically for 120 days and such additional time thereafter as may be determined by the court from the date the insolvency is determined or any ancillary proceedings are initiated in this State, whichever is later, to permit proper defense by the Association of all pending causes of action. Any party to any proceeding which is stayed pursuant to this section shall have the right, upon application and notice, to seek a vacation or modification of such stay. ~~Any covered claims arising from any judgment under any decision, verdict or finding based on the default of the insolvent insurer or its failure to defend an insured, shall, upon application and notice by the Association be vacated and set aside by the same court in which such judgment, order, decision, verdict, or finding is entered and the Association either on its own behalf or on behalf of any insured or an insolvent insurer, shall be permitted to defend against such claim on the merits. Any party who has obtained any such judgment or order shall have the right, upon application and notice, to have the judgment or order restored if within 90 days following the entry of the judgment or order the Association has not notified such party and the court that it intends to defend the matter on the merits."~~

SECTION 5.(f) This section is effective when it becomes law.

PART VI. CLARIFY PERMITTED TRADE PRACTICES WITH RESPECT TO INSURANCE REBATES

SECTION 6.(a) G.S. 58-63-15(8)b.4. and G.S. 58-63-16 are repealed.

SECTION 6.(b) G.S. 58-63-15 reads as rewritten:

"§ 58-63-15. **Unfair methods of competition and unfair or deceptive acts or practices defined.**

The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

...
(8) Rebates. –

...
b. Nothing in subdivision (7) or ~~paragraph a~~sub-subdivision a. of subdivision (8) of this section shall be construed as including within the definition of discrimination or rebates any of the following practices:

- ...
5. Engaging in an arrangement that would not violate section 106 of the Bank Holding Company Act Amendments of 1972 (12 U.S.C. § 1972), as interpreted by the Board of Governors of the Federal Reserve System, or section 5(q) of the Home Owners' Loan Act, 12 U.S.C. § 1464(q).
6. The offer or provision by insurers or producers, by or through employees, affiliates, or third-party representatives, of value-added products or services at no or reduced cost when such products or services are not specified in the policy of insurance if all of the following criteria are met:
I. Relates to the insurance coverage and is primarily designed to satisfy one or more of the following:
A. Providing loss mitigation or loss control.
B. Reducing claim costs or claim settlement costs.

- 1 C. Providing education about liability risks or risk
- 2 of loss to persons or property.
- 3 D. Monitoring or assessing risk, identifying
- 4 sources of risk, or developing strategies for
- 5 eliminating or reducing risk.
- 6 E. Enhancing health.
- 7 F. Enhancing financial wellness through items
- 8 such as education or financial planning
- 9 services.
- 10 G. Providing post-loss services.
- 11 H. Incentivizing behavioral changes to improve
- 12 the health or reduce the risk of death or
- 13 disability of a customer. For purposes of this
- 14 sub-sub-sub-sub-subdivision, "customer"
- 15 means a policyholder, potential policyholder,
- 16 certificate holder, potential certificate holder,
- 17 insured, potential insured, or applicant.
- 18 I. Assisting in the administration of the employee
- 19 or retiree benefit insurance coverage.
- 20 II. If the insurer or producer is providing the product or
- 21 service offered, the insurer or producer must ensure
- 22 that the customer is provided with contact information
- 23 to assist the customer with questions regarding the
- 24 product or service.
- 25 III. The availability of the value-added product or service
- 26 must be based on documented objective criteria and
- 27 offered in a manner that is not unfairly discriminatory.
- 28 The documented criteria must be maintained by the
- 29 insurer or producer and produced upon request by the
- 30 Department.
- 31 7. The offer or provision of products or services that otherwise
- 32 meet the criteria of sub-sub-subdivision 6. of this
- 33 sub-subdivision, where the insurer or producer does not have
- 34 sufficient evidence to demonstrate but has a good-faith belief
- 35 that the products or service satisfies one or more of the
- 36 conditions listed in sub-sub-sub-sub-subdivisions A. through I.
- 37 of sub-sub-sub-subdivision I. of sub-sub-subdivision 6. of this
- 38 sub-subdivision. The products and services shall be offered or
- 39 provided in a manner that is not unfairly discriminatory as part
- 40 of a pilot or testing program for no more than one year. An
- 41 insurer or producer offering or providing products or services
- 42 pursuant to this sub-sub-subdivision must notify the
- 43 Department of the pilot or testing program prior to
- 44 implementation and may proceed with the program unless the
- 45 Department objects within 21 days of notice.
- 46 8. The offer or gifting by an insurer or producer of noncash gifts,
- 47 items, or services, including meals to or charitable donations
- 48 on behalf of a customer, if all of the following criteria are met:
- 49 I. The noncash gifts, items, or services are made to, or on
- 50 behalf of, customers, including commercial or
- 51 institutional customers, in connection with the

(a) No insurer, insurance producer, or limited representative shall knowingly charge, demand or receive a premium for any policy of insurance except in accordance with the applicable filing approved by the Commissioner. No insurer, insurance producer, or limited representative shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance. No insured named in a policy of insurance, nor any employee of such insured, shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement or reduction of premium, or any special favor or advantage or valuable consideration or inducement. Nothing herein contained shall be construed as prohibiting (i) the payment of commissions or other compensation to duly licensed insurance producers and limited representatives, (ii) any participating insurer from distributing to its policyholders dividends, savings or the unused or unabsorbed portion of premiums and premium deposits, or (iii) the trade practices permitted by ~~G.S. 58-63-16. sub-subdivision b. of subdivision (8) of G.S. 58-63-15.~~ As used in this section the word "insurance" includes suretyship and the word "policy" includes bond.

...."

SECTION 6.(d) Section 6(b) of this act is effective January 1, 2027, and applies to trade practices related to insurance contracts issued, renewed, or amended on or after that date. The remainder of this section is effective when it becomes law and applies to trade practices related to insurance contracts issued, renewed, or amended on or after that date.

PART VII. CLARIFY LAWS RELATING TO THE EXCHANGE OF BUSINESS BETWEEN INSURANCE PRODUCERS

SECTION 7.(a) G.S. 58-33-10 reads as rewritten:

"§ 58-33-10. Definitions.

As used in this Article, the following definitions apply:

...

(4a) "Exchange business," "exchange of business," or "proper exchange of business" means the forwarding of insurance business from one producer duly licensed for the line of insurance being forwarded to another producer duly licensed for that line of insurance where both producers are duly appointed as required by this Article.

~~(4a)~~(4b) "FINRA" means the Financial Industry Regulatory Authority or any successor entity.

...."

SECTION 7.(b) G.S. 58-33-82 reads as rewritten:

"§ 58-33-82. Commissions.

...

(e) Commissions, fees, or other valuable consideration for the sale, solicitation, or negotiation of insurance may be assigned or directed to be paid in the following circumstances:

...

(4) To an agency principal who is an owner, shareholder, member, partner, director, employee, or agent of that agency for business placed by a producer on behalf of that agency who is duly licensed and appointed as required by this Article.

(5) In connection with the exchange of business where both producers are duly licensed and appointed as required by this Article and have complied with all of the requirements of G.S. 58-33-82.1.

...."

1 **SECTION 7.(c)** Article 33 of Chapter 58 of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 58-33-82.1. Exchange of business.**

4 (a) Producers may exchange business, and split the commission involved with that
5 business, if the producer forwarding the business and the producer receiving the business both:

6 (1) Are licensed in all lines of insurance involved in the exchange and appointed
7 as required by this Article.

8 (2) Sign or include their National Producer Numbers on the insurer's insurance
9 application and provide written or electronic notice to the insurer and
10 consumer of the business exchange.

11 (3) Have a good-faith belief that the exchange of business complies with the
12 requirements of this Article.

13 (b) This section does not limit:

14 (1) The exchange of business in connection with specialty lines or nonstandard
15 and professional liability business that is either:

16 a. Placed through a surplus lines producer; or

17 b. Written at an excess rate or on an individually rated and risked basis.

18 (2) The exchange of business in connection with risk sharing plans."

19 **SECTION 7.(d)** This section is effective when it becomes law and applies to
20 contracts entered into or renewed on or after that date.

21
22 **PART VIII. INEXPERIENCED OPERATOR CONTINUOUS COVERAGE**

23 **SECTION 8.(a)** G.S. 20-16 reads as rewritten:

24 **"§ 20-16. Authority of Division to suspend license.**

25 (a) The Division shall have authority to suspend the license of any operator with or
26 without a preliminary hearing upon a showing by its records or other satisfactory evidence that
27 the licensee:

28 ...

29 (6a) Has violated G.S. 20-309(a3);

30 "

31 **SECTION 8.(b)** G.S. 20-309 reads as rewritten:

32 **"§ 20-309. Financial responsibility prerequisite to registration; must be maintained**
33 **throughout registration period.**

34 ...

35 (a3) No person subject to an inexperienced operator premium surcharge pursuant to
36 G.S. 58-36-65(k) shall operate a motor vehicle unless the liability insurance policy benefiting
37 that person includes any required premium surcharge. This subsection shall not apply to persons
38 who demonstrate financial responsibility in an authorized manner other than a liability insurance
39 policy.

40 "

41 **SECTION 8.(c)** G.S. 20-309.2 reads as rewritten:

42 **"§ 20-309.2. Insurer shall notify Division of actions on insurance policies.**

43 (a) Notice Required. – An insurer shall notify the Division upon any of the following
44 with regard to a motor vehicle liability policy:

45 ...

46 (4) A person subject to an inexperienced operator premium surcharge pursuant to
47 G.S. 58-36-65(k) is added to or removed from the policy's coverage, or if a
48 policy to which a person subject to the inexperienced operator surcharge
49 pursuant to G.S. 58-36-65(k) was added has been canceled.

50 (a1) Division Records. – The Division shall ensure that its records accurately reflect the
51 insurance coverage status of: (i) each owner of a motor vehicle registered or required to be

1 registered in this State and (ii) persons subject to an inexperienced operator premium surcharge
 2 pursuant to G.S. 58-36-65 by reconciling all notices received under this section pertaining to that
 3 individual or motor vehicle owner. A termination notice received under subdivision (2) of
 4 subsection (a) of this section shall not be recorded as a lapse in financial responsibility or initiate
 5 action by the Division under G.S. 20-311 if an earlier notice received by the Division under this
 6 section establishes that the owner of the motor vehicle has met the duty to have continuous
 7 financial responsibility for the vehicle, as required under G.S. 20-309, through a motor vehicle
 8 liability policy that is not the subject of the later termination notice.

9"

10 SECTION 8.(d) This section becomes effective January 1, 2026.

11
 12 **PART IX. REVISIONS TO LAWS GOVERNING PEER-TO-PEER VEHICLE**
 13 **SHARING**

14 SECTION 9.(a) Article 10B of Chapter 20 of the General Statutes reads as rewritten:

15 "Article 10B.

16 "Peer-to-Peer Vehicle Sharing.

17 "§ 20-280.15. Definitions.

18 The following definitions apply in this Article:

19 ...

- 20 (2) Peer-to-peer vehicle sharing. – The authorized use of a shared vehicle for
 21 financial consideration by an individual other than the shared vehicle owner
 22 through a peer-to-peer vehicle sharing program.
- 23 (3) Peer-to-peer vehicle sharing program. – A business platform that connects
 24 shared vehicle owners with drivers to enable ~~the sharing of vehicles for~~
 25 ~~financial consideration.~~ peer-to-peer vehicle sharing.
- 26 (4) Shared vehicle. – A vehicle that is available for ~~sharing through a peer-to-peer~~
 27 ~~vehicle sharing program.~~ sharing.
- 28 (4a) Shared vehicle delivery period. – The period of time during which a shared
 29 vehicle is being delivered to the location of the vehicle sharing start time, if
 30 applicable, as documented by the governing vehicle sharing agreement.
- 31 (4b) Shared vehicle driver. – An individual who is authorized to drive the shared
 32 vehicle by the shared vehicle owner under a vehicle sharing agreement.
- 33 (5) Shared vehicle owner. – The registered owner of a shared ~~vehicle that is made~~
 34 ~~available for sharing through a peer-to-peer vehicle sharing program.~~ vehicle,
 35 or a person or entity designated by the registered owner, who has not made an
 36 election under G.S. 105-187.5.
- 37 (5a) Vehicle sharing agreement. – The terms and conditions applicable to a shared
 38 vehicle owner and a shared vehicle driver that govern the use of that shared
 39 vehicle through a peer-to-peer vehicle sharing program.
- 40 (5b) Vehicle sharing period. – The period of time that commences with the shared
 41 vehicle delivery period, or if there is no shared vehicle delivery period, the
 42 vehicle sharing start time, and in either case ends at the vehicle sharing
 43 termination time.
- 44 (6) ~~Vehicle sharing provider.~~ – ~~The person or entity that operates, facilitates, or~~
 45 ~~administers the provision of personal vehicle sharing through a peer-to-peer~~
 46 ~~vehicle sharing program.~~
- 47 (7) Vehicle sharing start time. – The time when a shared vehicle becomes subject
 48 to the control of a shared vehicle driver at or after the time the reservation of
 49 a shared vehicle is scheduled to begin as documented in the records of a
 50 peer-to-peer vehicle sharing program.

1 (8) Vehicle sharing termination time. – The earliest occurrence of any of the
2 following events:

3 a. The expiration of the agreed upon period of time established for the
4 use of a shared vehicle according to the terms of the vehicle sharing
5 agreement if the shared vehicle is delivered to the location agreed upon
6 in the vehicle sharing agreement.

7 b. When the shared vehicle is returned to an alternate location agreed
8 upon by the shared vehicle owner and shared vehicle driver as
9 communicated through a peer-to-peer vehicle sharing program, which
10 alternate location shall be incorporated into the vehicle sharing
11 agreement.

12 c. When the shared vehicle owner, or the shared vehicle owner's
13 authorized designee, takes possession and control of the shared
14 vehicle.

15 ...
16 **"§ 20-280.19. Insurance coverage during the vehicle sharing period.**

17 (a) Except as otherwise provided in subsection (b) of this section, a peer-to-peer vehicle
18 sharing program shall assume liability of a shared vehicle owner during the vehicle sharing period
19 for bodily injury or property damage to third parties or uninsured and underinsured motorist or
20 personal injury protection losses, to the extent personal injury protection is required by law, in
21 an amount stated in the vehicle sharing agreement, which amount may not be less than that
22 required by G.S. 20-279.21(b)(2) and G.S. 20-279.21(b)(3).

23 (b) The assumption of liability under subsection (a) of this section does not apply if any
24 of the following apply:

25 (1) A shared vehicle owner makes an intentional or fraudulent material
26 misrepresentation or omission to the peer-to-peer vehicle sharing program
27 before the vehicle sharing period in which the loss occurred.

28 (2) A shared vehicle owner, acting in concert with a shared vehicle driver, fails to
29 return the shared vehicle pursuant to the terms of the vehicle sharing
30 agreement.

31 (c) The assumption of liability under subsection (a) of this section applies to bodily
32 injury, property damage, uninsured and underinsured motorist or personal injury protection
33 losses, to the extent personal injury protection is required by law, by damaged third parties in the
34 same manner required by G.S. 20-279.21(b)(2) and G.S. 20-279.21(b)(3).

35 (d) A peer-to-peer vehicle sharing program shall ensure that, during each vehicle sharing
36 period, the shared vehicle owner and the shared vehicle driver are insured under a motor vehicle
37 liability insurance policy that provides insurance coverage in amounts no less than the minimum
38 amounts set forth in G.S. 20-279.21(b)(2) and G.S. 20-279.21(b)(3). The policy shall also do one
39 of the following:

40 (1) Acknowledge that the shared vehicle insured under the policy is made
41 available and used in a peer-to-peer vehicle sharing program.

42 (2) Not exclude the use of a shared vehicle by a shared vehicle driver.

43 (e) The insurance required under subsection (d) of this section shall be maintained by at
44 least one of the following or any combination thereof:

45 (1) The shared vehicle owner.

46 (2) The shared vehicle driver.

47 (3) The peer-to-peer vehicle sharing program.

48 (f) The insurance maintained under subsection (e) of this section that is satisfying the
49 insurance requirement of subsection (d) of this section shall be the primary insurance during each
50 vehicle sharing period and, if a claim occurs in another state with minimum financial
51 responsibility limits higher than those required by G.S. 20-279.21(b)(2) and

1 G.S. 20-279.21(b)(3) during the vehicle sharing period, shall satisfy the difference in minimum
2 coverage amounts, up to the applicable policy limits.

3 (g) The entity or entities maintaining the insurance coverage required under subsection
4 (d) of this section shall assume primary liability for a claim when:

5 (1) A dispute exists as to who controlled the shared vehicle at the time of the loss
6 and the peer-to-peer vehicle sharing program does not have available, did not
7 retain, or fails to provide the information required by G.S. 20-280.25.

8 (2) A dispute exists as to whether the shared vehicle was returned to the alternate
9 location agreed upon by the shared vehicle owner and shared vehicle driver
10 and incorporated into the vehicle sharing agreement.

11 (h) If the insurance maintained by a shared vehicle owner or shared vehicle driver under
12 subsection (e) of this section has lapsed or does not provide the required coverage, insurance
13 maintained by a peer-to-peer vehicle sharing program shall provide the required coverage
14 beginning with the first dollar of a claim and have the duty to defend that claim, except under the
15 circumstances set forth in subsection (b) of this section.

16 (i) Coverage under an automobile insurance policy maintained by the peer-to-peer
17 vehicle sharing program shall not be dependent on another automobile insurer first denying a
18 claim nor shall another automobile insurance policy be required to first deny a claim.

19 (j) Nothing in this Article may be interpreted as either limiting or restricting any of the
20 following:

21 (1) The liability of the peer-to-peer vehicle sharing program for any act or
22 omission of the peer-to-peer vehicle sharing program itself that results in
23 injury to any person as a result of the use of a shared vehicle through a
24 peer-to-peer vehicle sharing program.

25 (2) The ability of the peer-to-peer vehicle sharing program to, by contract, seek
26 indemnification from the shared vehicle owner or the shared vehicle driver for
27 economic loss sustained by the peer-to-peer vehicle sharing program resulting
28 from a breach of the terms and conditions of the vehicle sharing agreement.

29 **"§ 20-280.21. Notification of implications of lien.**

30 At the time when a vehicle owner registers as a shared vehicle owner on a peer-to-peer vehicle
31 sharing program and prior to the time when the shared vehicle owner makes a shared vehicle
32 available for sharing on the peer-to-peer vehicle sharing program, the peer-to-peer vehicle
33 sharing program shall notify the shared vehicle owner that, if the shared vehicle has a lien against
34 it, the use of the shared vehicle through a peer-to-peer vehicle sharing program, including use
35 without physical damage coverage, may violate the terms of the contract with the lienholder.

36 **"§ 20-280.23. Exclusions for personal vehicle liability insurance policy.**

37 (a) A motor vehicle insurer that writes motor vehicle liability insurance in this State may
38 exclude any and all coverage and the duty to defend or indemnify for any claim arising out of
39 peer-to-peer vehicle sharing that is covered under a shared vehicle owner's motor vehicle liability
40 insurance policy, including, for any of the following:

41 (1) Liability coverage for bodily injury and property damage.

42 (2) Personal injury protection coverage.

43 (3) Uninsured and underinsured motorist coverage.

44 (4) Medical payments coverage.

45 (5) Comprehensive physical damage coverage.

46 (6) Collision physical damage coverage.

47 (b) Nothing in this Article shall be interpreted or construed as invalidating or limiting an
48 exclusion contained in a motor vehicle liability insurance policy, including any insurance policy
49 in use or approved for use that excludes coverage for motor vehicles made available for rent,
50 sharing, or hire or for any business use.

1 (c) Nothing in this Article shall be interpreted or construed as invalidating, limiting, or
2 restricting a motor vehicle insurer's ability to underwrite any insurance policy.

3 (d) Nothing in this Article shall be interpreted or construed as invalidating, limiting, or
4 restricting a motor vehicle insurer's ability to cancel and non-renew policies, including for
5 participation in a peer-to-peer vehicle sharing program.

6 **"§ 20-280.25. Record keeping.**

7 (a) A peer-to-peer vehicle sharing program shall collect and verify records pertaining to
8 the use of the shared vehicle. The records shall include vehicle sharing times used, vehicle
9 sharing period pickup and drop-off locations, fees paid by the shared vehicle driver, and revenues
10 received by the shared vehicle owner and provide that information upon request to the shared
11 vehicle owner, the shared vehicle owner's insurer, and the shared vehicle driver's insurer for claim
12 coverage investigation, settlement, negotiation, or litigation.

13 (b) The peer-to-peer vehicle sharing program shall retain the records for a time period
14 not less than the applicable personal injury statute of limitations.

15 **"§ 20-280.27. Vicarious liability.**

16 A peer-to-peer vehicle sharing program and a shared vehicle owner shall be exempt from
17 vicarious liability consistent with 49 U.S.C. § 30106 and under any state or local law that imposes
18 liability solely based on vehicle ownership.

19 **"§ 20-280.29. Contribution against indemnification.**

20 A motor vehicle insurer that defends or indemnifies a claim against a shared vehicle that is
21 excluded under the terms of its policy shall have the right to seek contribution against the motor
22 vehicle insurer of the peer-to-peer vehicle sharing program if the claim meets all of the following
23 conditions:

24 (1) The claim is made against the shared vehicle owner or the shared vehicle
25 driver for loss or injury that occurs during the vehicle sharing period.

26 (2) The claim is excluded under the terms of its policy.

27 **"§ 20-280.31. Insurable interest.**

28 (a) Notwithstanding Chapter 20 and Chapter 58 of the General Statutes and any other law
29 regarding insurable interests in vehicles, a peer-to-peer vehicle sharing program shall have an
30 insurable interest in a shared vehicle during the vehicle sharing period.

31 (b) Nothing in this section creates liability on a peer-to-peer vehicle sharing program to
32 maintain the coverage mandated by this article.

33 (c) A peer-to-peer vehicle sharing program may own and maintain as the named insured
34 one or more policies of motor vehicle liability insurance that provides coverage for any of the
35 following:

36 (1) Liabilities assumed by the peer-to-peer vehicle sharing program under a
37 vehicle sharing agreement.

38 (2) Any liability of the shared vehicle owner.

39 (3) Damage or loss to the shared motor vehicle; or any liability of the shared
40 vehicle driver.

41 **"§ 20-280.33. Consumer protections for vehicle sharing programs.**

42 Each vehicle sharing agreement made in this State shall disclose to the shared vehicle owner
43 and the shared vehicle driver, at a minimum, all of the following:

44 (1) Any right of the peer-to-peer vehicle sharing program to seek indemnification
45 from the shared vehicle owner or the shared vehicle driver for economic loss
46 sustained by the peer-to-peer vehicle sharing program resulting from a breach
47 of the terms and conditions of the vehicle sharing agreement.

48 (2) A motor vehicle liability insurance policy issued to the shared vehicle owner
49 for the shared vehicle or to the shared vehicle driver does not provide a defense
50 or indemnification for any claim asserted by the peer-to-peer vehicle sharing
51 program.

- 1 (3) The peer-to-peer vehicle sharing program's insurance coverage on the shared
2 vehicle owner and the shared vehicle driver is in effect only during each
3 vehicle sharing period and that, for any use of the shared vehicle by the shared
4 vehicle driver after the vehicle sharing termination time, the shared vehicle
5 driver and the shared vehicle owner may not have insurance coverage.
6 (4) The daily rate, fees, and if applicable, any insurance or protection package
7 costs that are charged to the shared vehicle owner or the shared vehicle driver.
8 (5) The shared vehicle owner's motor vehicle liability insurance may not provide
9 coverage for a shared vehicle.
10 (6) An emergency telephone number to personnel capable of fielding roadside
11 assistance and other customer service inquiries.
12 (7) If there are conditions under which a shared vehicle driver must maintain a
13 personal automobile insurance policy with certain applicable coverage limits
14 on a primary basis in order to book a shared motor vehicle.

15 **"§ 20-280.35. Drivers license verification and data retention.**

16 (a) A peer-to-peer vehicle sharing program may not enter into a peer-to-peer vehicle
17 sharing program agreement with a driver unless the driver who will operate the shared vehicle
18 meets one of the following requirements:

- 19 (1) Has a valid drivers license issued pursuant to G.S. 20-7 that authorizes the
20 driver to operate a motor vehicle of the class of the shared vehicle.
21 (2) Is a nonresident who:
22 a. Has a valid drivers license issued by the state or country of the driver's
23 residence that authorizes the driver in that state or country to drive a
24 motor vehicle of the class of the shared vehicle; and
25 b. Is at least the same age as that required of a resident of this State to
26 operate a motor vehicle of the class of the shared vehicle; or
27 (3) Is otherwise specifically authorized by the applicable provisions of G.S. 20-7
28 to operate a motor vehicle of the class of the shared vehicle.

29 (b) A peer-to-peer vehicle sharing program shall keep a record of the following:

- 30 (1) The name and address of the shared vehicle driver;
31 (2) The number of the drivers license of the shared vehicle driver and each other
32 person, if any, who will operate the shared vehicle; and
33 (3) The date and place of issuance of the drivers license.

34 **"§ 20-280.37. Responsibility for equipment of a shared vehicle.**

35 A peer-to-peer vehicle sharing program shall have sole responsibility for any equipment, such
36 as a GPS system or other special equipment that is put in or on the vehicle to monitor or facilitate
37 the vehicle sharing transaction, and shall agree to indemnify and hold harmless the vehicle owner
38 for any damage to or theft of such equipment during the vehicle sharing period not caused by the
39 vehicle owner. The peer-to-peer vehicle sharing program has the right to seek indemnity from
40 the shared vehicle driver for any loss or damage to such equipment that occurs during the vehicle
41 sharing period.

42 **"§ 20-280.39. Automobile safety recalls.**

43 (a) At the time when a vehicle owner registers as a shared vehicle owner on a peer-to-peer
44 vehicle sharing program and prior to the time when the shared vehicle owner makes a shared
45 vehicle available for sharing on the peer-to-peer vehicle sharing program, the peer-to-peer
46 vehicle sharing program shall do all of the following:

- 47 (1) Verify that the shared vehicle does not have any safety recalls on the vehicle
48 for which the repairs have not been made.
49 (2) Notify the shared vehicle owner of the requirements of this section.

50 (b) If the shared vehicle owner has received actual notice of a safety recall on the shared
51 vehicle, the shared vehicle owner shall do the following:

- 1 (1) The shared vehicle owner shall not make a vehicle available as a shared
2 vehicle on a peer-to-peer vehicle sharing program until the safety recall repair
3 has been made.
- 4 (2) If a shared vehicle owner receives actual notice of a safety recall on a shared
5 vehicle while the shared vehicle is made available on the peer-to-peer vehicle
6 sharing program, the shared vehicle owner shall remove the shared vehicle as
7 available on the peer-to-peer vehicle sharing program, as soon as practicably
8 possible after receiving the notice of the safety recall and until the safety recall
9 repair has been made.
- 10 (3) If a shared vehicle owner receives an actual notice of a safety recall while the
11 shared vehicle is being used in the possession of a shared vehicle driver, as
12 soon as practicably possible after receiving the notice of the safety recall, the
13 shared vehicle owner shall notify the peer-to-peer vehicle sharing program
14 about the safety recall so that the shared vehicle owner may address the safety
15 recall repair."

16 **SECTION 9.(b)** This section becomes effective October 1, 2025, and applies to all
17 transactions on or after that date.

18 19 **PART X. RESTRICTIONS ON RESIDENTIAL LEASES REQUIRING RENTERS** 20 **INSURANCE**

21 **SECTION 10.** G.S. 42-46 reads as rewritten:

22 "**§ 42-46. Authorized fees, costs, and expenses.**

23 ...

24 (l) The following provisions apply to any lease that requires a tenant to maintain
25 insurance coverage for the leased premises:

- 26 (1) The tenant shall not be required to obtain the required insurance coverage
27 from a designated carrier or through a designated agent.
- 28 (2) The landlord may charge the tenant for the actual cost incurred by the landlord
29 to obtain the required insurance coverage only if the tenant fails to provide
30 proof upon request of the landlord that the tenant has obtained the required
31 insurance coverage."

32 33 **PART XI. TECHNICAL CHANGE TO EFFECTIVE DATE PROVISION IN S.L.** 34 **2023-133, AS AMENDED BY S.L. 2024-29**

35 **SECTION 11.** Section 16(j) of S.L. 2023-133, as amended by Section 9(b) of S.L.
36 2024-29, reads as rewritten:

37 **"SECTION 16.(j)** This section becomes effective July 1, 2025. Section 16(e) of this act
38 becomes effective July 1, 2025, and applies to convictions occurring on or after that date. Section
39 16(h) of this act becomes effective July 1, 2025, and applies to ~~prior~~ convictions for a "violation
40 of speeding 10 miles per hour or less over the speed limit" and prayers for judgment continued
41 occurring on or after that ~~date~~ date; provided, however, that, for the purpose of determining
42 whether there shall be a premium surcharge or assignment of points under the subclassification
43 plan, convictions for a "violation of speeding 10 miles per hour or less over the speed limit" or
44 prayers for judgment continued occurring before July 1, 2025, must occur within the three years
45 immediately preceding the date of application or the preparation of the renewal."

46 47 **PART XII. AUTHORIZE BROKERS TO REGISTER WITH MULTIPLE DEALERS** 48 **UNDER COMMON OWNERSHIP OR CONTROL**

49 **SECTION 12.** G.S. 78A-36(b) reads as rewritten:

50 (b) It is unlawful for any dealer to employ a salesman unless the salesman is registered.
51 The registration of a salesman is not effective during any period when he is not associated with

1 a particular dealer registered under this Chapter. When a salesman begins or terminates those
2 activities which make him a salesman, the salesman as well as the dealer shall promptly notify
3 the Administrator.

4 The Administrator may by rule or order require the return of a salesman's license upon the
5 termination of those activities which make him a salesman or, if such return is impossible, require
6 a bond or evidence satisfactory to the Administrator of such impossibility. No salesman may be
7 registered with more than one ~~dealer.~~ dealer unless each of the dealers that employs or associates
8 with the salesman is under common ownership or control, or the registration is otherwise allowed
9 by a rule or order of the Administrator."

10
11 **PART XIII. EFFECTIVE DATE**

12 **SECTION 13.** Except as otherwise provided, this act is effective when it becomes
13 law.