

§ 58-57-115. Family leave credit insurance standards; policy provisions.

(a) Definitions. – As used in this section:

- (1) "Foster child" means a minor (i) over whom a guardian has been appointed by the clerk of superior court of any county in North Carolina; or (ii) the primary or sole custody of whom has been assigned by order of a court of competent jurisdiction.
- (2) "Immediate family member" means a spouse, child (natural, adopted, or foster), or parent of the insured person.
- (3) "Placement in the foster home" means physically residing with the insured person appointed as the guardian or custodian of a foster child or children as long as the insured person has assumed the legal obligation for total or partial support of the foster child or children with the intent that the foster child or children reside with the insured person on more than a temporary or short-term basis.

(b) Coverage. – Insurers may provide coverage for loss of income because of a voluntary, employer-approved leave of absence granted upon the occurrence of any of the qualifying events in subsection (d) of this section. The insured person shall not be required to meet any federal requirements in order to qualify for benefits provided by this coverage. Benefits shall be paid to the creditor to reduce the insured person's indebtedness.

(c) Eligibility. – Coverage may be provided or offered to any debtor who has not yet reached his or her 71st birthday and has been working for wages for at least 30 hours per week for the past five consecutive weeks.

(d) Qualifying Events. – Benefits shall be paid only for the following qualifying events:

- (1) An accident involving sickness of, or incapacitation of, an immediate family member that requires the insured person to attend to the family member's needs.
- (2) Birth of a child or children of the insured person.
- (3) Adoption of a child or children of the insured person.
- (4) Placement in the foster home of a foster child or children.
- (5) The insured person's principal residence is in a federally declared disaster area.
- (6) The insured person is called to active military duty.
- (7) The insured person is called to petit or grand jury duty.

(e) Exclusions. – Coverage shall not contain any exclusions except:

- (1) Retirement of the insured person from employment.
- (2) Voluntary resignation of the insured person from employment.
- (3) Seasonal unemployment of the insured person.
- (4) Involuntary unemployment of the insured person.
- (5) Disability of the insured person.
- (6) Employment termination because of willful or criminal misconduct of the insured person.

(f) Notice. – The insurer shall send a notice to the insured person at the insured person's home address to inform the insured person that benefits have been paid, including the dates and the amount of payment. The notice shall be sent to the insured person within 60 days after the last day of the benefit period.

(g) Minimum Amounts. – The minimum monthly benefit amount shall be level for the entire benefit period. The minimum monthly benefit amount shall equal or exceed the minimum monthly payment required by the creditor, plus the premium charge for the coverage attributable to the benefit period.

(h) Miscellaneous Provisions. – Any waiting period for benefits shall not exceed 30 days. The insured shall provide satisfactory evidence of employer approval of qualified leave. Lump-sum benefits may be paid. Refunds of unearned single premiums shall be equal to the pro rata unearned gross premium.

(i) Rates. – Premium rates shall be actuarially demonstrated to generate a sixty percent (60%) incurred loss ratio. Joint coverage rates shall be one and two-thirds ($1 \frac{2}{3}$) times the approved single rate. Rates shall be filed for approval before they can be used.

(j) Reports. – By March 31 of each year every insurer writing family leave coverage shall file a statistical report of the past calendar year's actuarial experience for that coverage. The report shall demonstrate the actual experience loss ratio for the calendar year and shall include the: number of insureds, total earned premium, total number of incurred claims, total incurred claims, total number of incurred claims for each qualifying event, average monthly benefit per claim for each qualifying event, and premium refunds. (1999-351, s. 5.1.)