

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 843

Short Title: Insurance Technical Changes.

(Public)

Sponsors: Senator Jenkins.

Referred to: Pensions & Retirement and Insurance.

April 15, 1997

A BILL TO BE ENTITLED

AN ACT TO REPEAL OBSOLETE LAWS AND MAKE TECHNICAL AND CLARIFYING AMENDMENTS AND CORRECTIONS IN VARIOUS INSURANCE STATUTES; AND TO EXTEND THE EXPIRATION DATE OF THE 1986 RISK SHARING PLAN LAW.

The General Assembly of North Carolina enacts:

PART I. REPEALS OF OBSOLETE PROVISIONS.

Section 1. G.S. 58-2-120, 58-3-125, 58-6-10, 58-7-150, and 58-41-35 are repealed.

Section 2. Article 47 of Chapter 58 of the General Statutes, the North Carolina Health Care Excess Liability Fund, which includes G.S. 58-47-1, 58-47-5, 58-47-10, 58-47-15, 58-47-20, 58-47-25, 58-47-30, 58-47-35, 58-47-40, 58-47-45, and 58-47-50, is repealed.

Section 3. Article 68 of Chapter 58 of the General Statutes, the North Carolina Health Insurance Trust Commission, which includes G.S. 58-68-1, 58-68-5, 58-68-10, 58-68-15, and 58-68-20, is repealed.

Section 4. G.S. 120-123(55) and (65) are repealed.

Section 5. G.S. 58-36-15(e) reads as rewritten:

"(e) The Commissioner may require the filing of supporting data including:

(1) The Bureau's interpretation of any statistical data relied upon;

- 1 (2) Descriptions of the methods employed in setting the rates;
- 2 (3) Analysis of the incurred losses submitted on an accident year or policy
- 3 year basis into their component parts; to wit, paid losses, reserves for
- 4 losses and loss expenses, and reserves for losses incurred but not
- 5 reported;
- 6 (4) The total number and dollar amount of paid claims;
- 7 (5) The total number and dollar amount of case basis reserve claims;
- 8 (6) Earned and written premiums at current rates by rating territory;
- 9 (7) Earned premiums and incurred losses according to classification plan
- 10 categories; and
- 11 (8) Income from investment of unearned premiums and loss and loss
- 12 expense reserves generated by business within this State.

13 ~~Provided, however, that with respect to business written prior to January 1, 1980, the~~
14 ~~Commissioner shall not require the filing of such supporting data which has not been~~
15 ~~required to be recorded under statistical plans approved by the Commissioner."~~

16 Section 6. G.S. 58-3-115 reads as rewritten:

17 **"§ 58-3-115. Twisting with respect to insurance policies; penalties.**

18 No insurer shall make or issue, or cause to be issued, any written or oral statement that
19 willfully misrepresents or willfully makes an incomplete comparison as to the terms,
20 conditions, or benefits contained in any policy of insurance for the purpose of inducing or
21 attempting to induce a policyholder in any way to terminate or surrender, exchange, or
22 convert any insurance policy. Any person who violates this section is subject to the
23 provisions of ~~G.S. 58-2-70, 58-3-90 through 58-3-100, and 58-3-125.~~ G.S. 58-2-70 or G.S.
24 58-3-100."

25 Section 7. G.S. 58-30-75(7) reads as rewritten:

26 "(7) Without first obtaining the written consent of the ~~Commissioner pursuant~~
27 ~~to G.S. 58-7-150, Commissioner,~~ the insurer has (i) transferred, or
28 attempted to transfer, in a manner contrary to Article 19 of this Chapter,
29 substantially its entire property or business, or (ii) has entered into any
30 transaction, the effect of which is to merge, consolidate, or reinsure
31 substantially its entire property or business in or with the property or
32 business of any other person."

33 Section 8. G.S. 58-41-40(a) reads as rewritten:

34 "(a) There is no liability on the part of and no cause of action for defamation or
35 invasion of privacy arises against any insurer or its authorized representatives, agents, or
36 employees, or any licensed insurance agent or broker, for any communication or
37 statement made, unless shown to have been made in bad faith with malice, in any of the
38 following:

- 39 (1) A written notice of cancellation under ~~G.S. 58-41-15, G.S. 58-41-15~~ or of
40 nonrenewal under G.S. 58-41-20, ~~or of cessation of business through an~~
41 ~~agency under G.S. 58-41-35,~~ specifying the reasons therefor;
- 42 (2) Communications providing information pertaining to such cancellation,
43 nonrenewal, or cessation of business through an agency;

- 1 (3) Evidence submitted at any court proceeding, administrative hearing, or
2 informal inquiry in which such cancellation, nonrenewal, or cessation of
3 business through an agency is an issue."

4 **PART II. AMENDMENTS NECESSARY BECAUSE OF 1995 REWRITE OF G.S.**
5 **58-2-50.**

6 Section 9. G.S. 58-34-2(j) reads as rewritten:

7 "(j) The Commissioner shall disapprove any such contract that:

- 8 (1) Does not contain the required contract provisions specified in subsection
9 (d) of this section;
10 (2) Subjects the insurer to excessive charges for expenses or commission;
11 (3) Vests in the MGA any control over the management of the affairs of the
12 insurer to the exclusion of the board of directors of the insurer;
13 (4) Is entered into with any person if the person or its officers and directors
14 are of known bad character or have been affiliated directly or indirectly
15 through ownership, control, management, reinsurance transactions, or
16 other insurance or business relationships with any person known to have
17 been involved in the improper manipulation of assets, accounts, or
18 reinsurance; or
19 (5) Is determined by the Commissioner to contain provisions that are not
20 fair and reasonable to the insurer.

21 Failure of the Commissioner to disapprove any such contract within 30 days after the
22 contract has been filed with the Commissioner constitutes the Commissioner's approval
23 of the contract. An insurer may continue to accept business from such person until the
24 Commissioner disapproves the contract. Any disapproval shall be in writing. The
25 Commissioner may, after ~~a hearing held under G.S. 58-2-50, notice and an opportunity for a~~
26 hearing, withdraw approval of any contract the Commissioner has previously approved
27 upon finding that the basis of the original approval no longer exists or that the contract
28 has, in actual operation, shown itself to be subject to disapproval on any of the grounds in
29 this subsection."

30 Section 10. G.S. 58-34-15(b) reads as rewritten:

31 "(b) If the Commissioner disapproves any management contract, notice of such
32 action shall be given to the insurer assigning the reasons therefor in writing. The
33 Commissioner shall grant any party to the contract a hearing upon ~~request according to~~
34 G.S. 58-2-50-request."

35 Section 11. G.S. 58-40-100 reads as rewritten:

36 **"§ 58-40-100. Request for review of rate, rating plan, rating system or underwriting**
37 **rule.**

38 (a) Any person aggrieved by any rate charged, rating plan, rating system, or
39 underwriting rule followed or adopted by an insurer or rating organization may request
40 the insurer or rating organization to review the manner in which the rate, plan, system, or
41 rule has been applied with respect to insurance afforded him. Such request may be made
42 by his authorized representative, and shall be in writing. If the request is not granted
43 within 30 days after it is made, the requestor may treat it as rejected. Any person

1 aggrieved by the action of an insurer or rating organization in refusing the review
2 requested or in failing or refusing to grant all or part of the relief requested, may file a
3 written complaint and request for hearing with the Commissioner, and shall specify the
4 grounds relied upon. If the Commissioner has information concerning a similar
5 complaint he may deny the hearing. If the Commissioner believes that probable cause for
6 the complaint does not exist or that the complaint is not made in good faith, he shall deny
7 the hearing. If the Commissioner finds that the complaint charges a violation of this
8 Article and that the complainant would be aggrieved if the violation is proven, he shall
9 proceed as provided in G.S. ~~58-2-50~~ or 58-2-70.

10 (b) Repealed by Session Laws 1985 (Regular Session, 1986), c. 1027, s. 15."

11 Section 12. G.S. 58-42-1 reads as rewritten:

12 **"§ 58-42-1. Establishment of plans.**

13 If the Commissioner finds, after a ~~hearing held in accordance with G.S. 58-2-50,~~ hearing,
14 that in all or any part of this State, any amount or kind of insurance authorized by G.S.
15 58-7-15(4) through G.S. 58-7-15(22) is not readily available in the voluntary market
16 and that the public interest requires the availability of that insurance, he may either:

17 (1) Promulgate plans to provide insurance coverage for any risks in this
18 State that are, based on reasonable underwriting standards, entitled to
19 obtain but are otherwise unable to obtain coverage; or

20 (2) Call upon insurers to prepare plans for his approval."

21 Section 13. G.S. 58-45-50 reads as rewritten:

22 **"§ 58-45-50. Appeal from acts of Association to Commissioner; appeal from
23 Commissioner to superior court.**

24 Any person or any insurer who may be aggrieved by an act, ruling or decision of the
25 Association other than an act, ruling or decision relating to the cause or amount of a
26 claimed loss, may, within 30 days after such ruling appeal to the Commissioner. Any
27 hearings held by the Commissioner pursuant to such an appeal shall be in accordance
28 with ~~the procedure set forth in G.S. 58-2-50:~~ rules adopted by the Commissioner. Provided,
29 however, the Commissioner is authorized to appoint a member of his staff as deputy
30 commissioner for the purpose of hearing such appeals and a ruling based upon such
31 hearing shall have the same effect as if heard by the Commissioner. All persons or
32 insureds aggrieved by any order or decision of the Commissioner may appeal as is
33 provided by the provisions of G.S. 58-2-75.

34 No later than 20 days before each hearing, the appellant shall file with the
35 Commissioner or his designated hearing officer and shall serve on the appellee a written
36 statement of his case and any evidence he intends to offer at the hearing. No later than
37 five days before such hearing, the appellee shall file with the Commissioner or his
38 designated hearing officer and shall serve on the appellant a written statement of his case
39 and any evidence he intends to offer at the hearing. Each such hearing shall be recorded
40 and transcribed. The cost of such recording and transcribing shall be borne equally by
41 the appellant and appellee; provided that upon any final adjudication the prevailing party
42 shall be reimbursed for his share of such costs by the other party. Each party shall, on a
43 date determined by the Commissioner or his designated hearing officer, but not sooner

1 than 15 days after delivery of the completed transcript to the party, submit to the
2 Commissioner or his designated hearing officer and serve on the other party, a proposed
3 order. The Commissioner or his designated hearing officer shall then issue an order."

4 Section 14. G.S. 58-45-70 reads as rewritten:

5 **"§ 58-45-70. Commissioner may examine affairs of Association.**

6 The Commissioner may from time to time make an examination into the affairs of the
7 Association when he deems it to be prudent and in undertaking such examination he may
8 hold a public hearing pursuant to the provisions of G.S. 58-2-50. hearing. The expenses of
9 such examination shall be borne and paid by the Association."

10 Section 15. G.S. 58-46-20(c) reads as rewritten:

11 "(c) The Commissioner may designate the kinds of property insurance policies on
12 principal residences to be offered by the association, including insurance policies under
13 Article 36 of this Chapter, and the commission rates to be paid to agents or brokers for
14 these policies, if he finds, after a ~~hearing held in accordance with G.S. 58-2-50,~~ hearing, that
15 the public interest requires the designation. The provisions of Chapter 150B of the
16 General Statutes do not apply to any procedure under this subsection, except that G.S.
17 150B-39 and G.S. 150B-41 shall apply to a hearing under this subsection. Within 30 days
18 after the receipt of notification from the Commissioner of a change in designation
19 pursuant to this subsection, the association shall submit a revised plan and articles of
20 association for approval in accordance with subsection (b) of this section."

21 Section 16. G.S. 58-46-30 reads as rewritten:

22 **"§ 58-46-30. Appeals; judicial review.**

23 The association shall provide reasonable means, to be approved by the Commissioner,
24 whereby any person or insurer affected by any act or decision of the administrators of the
25 Plan or underwriting association, other than an act or decision relating to the cause or
26 amount of a claimed loss, may be heard in person or by an authorized representative,
27 before the governing board of the association or a designated committee. Any person or
28 insurer aggrieved by any decision of the governing board or designated committee, may
29 be appealed to the Commissioner within 30 days from the date of such ruling or decision.
30 The Commissioner, after hearing held pursuant to ~~the procedure set forth in G.S. 58-2-50,~~
31 rules adopted by the Commissioner, shall issue an order approving or disapproving the
32 act or decision with respect to the matter which is the subject of appeal. The
33 Commissioner is authorized to appoint a member of his staff as deputy commissioner for
34 the purpose of hearing such appeals and a ruling based on such hearing shall have the
35 same effect as if heard by the Commissioner personally. All persons or insurers or their
36 representatives aggrieved by any order or decision of the Commissioner may appeal as
37 provided by the provisions of G.S. 58-2-75.

38 No later than 20 days before each hearing, the appellant shall file with the
39 Commissioner or his designated hearing officer and shall serve on the appellee a written
40 statement of his case and any evidence he intends to offer at the hearing. No later than
41 five days before such hearing, the appellee shall file with the Commissioner or his
42 designated hearing officer and shall serve on the appellant a written statement of his case
43 and any evidence he intends to offer at the hearing. Each such hearing shall be recorded

1 and transcribed. The cost of such recording and transcribing shall be borne equally by
2 the appellant and appellee; provided that upon any final adjudication the prevailing party
3 shall be reimbursed for his share of such costs by the other party. Each party shall, on a
4 date determined by the Commissioner or his designated hearing officer, but not sooner
5 than 15 days after delivery of the completed transcript to the party, submit to the
6 Commissioner or his designated hearing officer and serve on the other party, a proposed
7 order. The Commissioner or his designated hearing officer shall then issue an order."

8 **PART III. CONTINUING CARE RETIREMENT COMMUNITY NAME**
9 **CORRECTION.**

10 Section 17. G.S. 58-30-10(14) reads as rewritten:

11 "(14) 'Insurer' means any entity licensed under Articles 7, 16, 26, 49, 65, or 67
12 of this Chapter and any employer that has furnished to the
13 Commissioner satisfactory proof of its financial responsibility under
14 G.S. 97-93(a)(2). For purposes of this Article, 'insurer' also includes
15 continuing care retirement ~~centers~~ communities licensed under Article
16 64 of this Chapter."

17 Section 18. The title of Article 64 of Chapter 58 of the General Statutes reads
18 as rewritten:

19 **"ARTICLE 64**

20 ~~"Registration, Disclosure, Contract, and Financial Monitoring Requirements for~~
21 ~~Continuing Care Facilities.~~ Retirement Communities."

22 Section 19. G.S. 58-64-1 reads as rewritten:

23 **"§ 58-64-1. Definitions.**

24 As used in this Article, unless otherwise specified:

- 25 (1) 'Continuing care' means the furnishing to an individual other than an
26 individual related by blood, marriage, or adoption to the person
27 furnishing the care, of lodging together with nursing services, medical
28 services, or other health related services, pursuant to an agreement
29 effective for the life of the individual or for a period in excess of one
30 year.
- 31 (2) 'Entrance fee' means a payment that assures a resident a place in a
32 facility for a term of years or for life.
- 33 (3) 'Facility' means the ~~place or places~~ retirement community or
34 communities in which a provider undertakes to provide continuing care
35 to an individual.
- 36 (4) 'Health related services' means, at a minimum, nursing home admission
37 or assistance in the activities of daily living, exclusive of the provision
38 of meals or cleaning services.
- 39 (5) 'Living unit' means a room, apartment, cottage, or other area within a
40 facility set aside for the exclusive use or control of one or more
41 identified residents.
- 42 (6) 'Provider' means the promoter, developer, or owner of a ~~continuing care~~
43 facility, whether a natural person, partnership, or other unincorporated

1 association, however organized, trust, or corporation, of an institution,
2 building, residence, or other place, whether operated for profit or not, or
3 any other person, that solicits or undertakes to provide continuing care
4 under a continuing care facility contract, or that represents himself or
5 itself as providing continuing care or 'life care.'

6 (7) 'Resident' means a purchaser of, a nominee of, or a subscriber to, a
7 continuing care contract.

8 (8) 'Hazardous financial condition' means a provider is insolvent or in
9 eminent danger of becoming insolvent."

10 Section 20. G.S. 58-64-40(b) reads as rewritten:

11 "(b) The board of directors or other governing body of a ~~continuing care~~ facility or
12 its designated representative shall hold annual meetings with the residents of the
13 ~~continuing care~~ facility for free discussions of subjects including, but not limited to,
14 income, expenditures, and financial trends and problems as they apply to the facility and
15 discussions of proposed changes in policies, programs, and services. Residents shall be
16 entitled to at least seven days advance notice of each meeting. An agenda and any
17 materials that will be distributed by the governing body at the meetings shall remain
18 available upon request to residents."

19 Section 21. G.S. 58-64-80 reads as rewritten:

20 **"§ 58-64-80. Advisory Committee.**

21 There shall be a nine member Continuing Care Advisory Committee appointed by the
22 Commissioner. The Committee shall consist of at least two residents of ~~continuing care~~
23 ~~communities, facilities,~~ two representatives of the North Carolina Association of
24 Nonprofit Homes for the Aging, one individual who is a certified public accountant and
25 is licensed to practice in this State, one individual skilled in the field of architecture or
26 engineering, and one individual who is a health care professional."

27 **PART IV. WORKERS' COMPENSATION LOSS COSTS CONFORMING**
28 **CHANGES.**

29 Section 22. G.S. 58-36-1(2) reads as rewritten:

30 "(2) The Bureau shall provide reasonable means to be approved by the
31 Commissioner whereby any person affected by a rate or loss costs made
32 by it may be heard in person or by his authorized representative before
33 the governing committee or other proper executive of the Bureau."

34 Section 23. G.S. 58-36-1(5)c. reads as rewritten:

35 "c. Failure or refusal by any assigned employer risk to make full
36 disclosure to the Bureau, servicing carrier, or insurer writing a
37 policy of information regarding the employer's true ownership,
38 change of ownership, operations, or payroll, or any other failure
39 to disclose fully any records pertaining to workers' compensation
40 insurance shall be sufficient grounds for ~~the Bureau to authorize~~
41 the termination of the policy of that employer."

42 Section 24. G.S. 58-36-10 reads as rewritten:

43 **"§ 58-36-10. Method of rate making; factors considered.**

1 The following standards shall apply to the making and use of ~~rates~~ rates or loss costs:

- 2 (1) Rates or loss costs shall not be excessive, inadequate or unfairly
3 discriminatory.
- 4 (2) Due consideration shall be given to actual loss and expense experience
5 within this State for the most recent three-year period for which such
6 information is available; to prospective loss and expense experience
7 within this State; to the hazards of conflagration and catastrophe; to a
8 reasonable margin for underwriting profit and to contingencies; to
9 dividends, savings, or unabsorbed premium deposits allowed or returned
10 by insurers to their policyholders, members, or subscribers; to
11 investment income earned or realized by insurers from their unearned
12 premium, loss, and loss expense reserve funds generated from business
13 within this State; to past and prospective expenses specially applicable
14 to this State; and to all other relevant factors within this State: Provided,
15 however, that countrywide expense and loss experience and other
16 countrywide data may be considered only where credible North
17 Carolina experience or data is not available.
- 18 (3) In the case of fire insurance rates, as are subject to the ratemaking
19 authority of the Bureau, consideration may be given to the experience of
20 such fire insurance business during the most recent five-year period for
21 which such experience is available. In the case of fire insurance rates
22 that are subject to the ratemaking authority of the Bureau, consideration
23 shall be given to the insurance public protection classifications of rural
24 fire districts based upon standards established by the Commissioner. To
25 the extent credits are provided for proximity to fire hydrants, the Bureau
26 may also provide appropriate credits in public protection classifications
27 for optional water sources, such as ponds, lakes, or other bodies of
28 water, in accordance with standards and procedures filed with and
29 approved by the Commissioner.
- 30 (4) Risks may be grouped by classifications and lines of insurance for
31 establishment of ~~rates~~ rates, loss costs, and base premiums.
32 Classification rates may be modified to produce rates for individual
33 risks in accordance with rating plans which establish standards for
34 measuring variations in hazards or expense provisions or both. Such
35 standards may measure any differences among risks that can be
36 demonstrated to have a probable effect upon losses or expenses. The
37 Bureau is directed to establish and implement a comprehensive
38 classification rating plan for motor vehicle insurance under its
39 jurisdiction within 90 days of September 1, 1977. No such
40 classification plans shall base any standard or rating plan for private
41 passenger (nonfleet) motor vehicles, in whole or in part, directly or
42 indirectly, upon the age or sex of the persons insured. The Bureau shall
43 at least once every three years make a complete review of the filed

1 classification rates to determine whether they are proper and supported
2 by statistical evidence, and shall at least once every 10 years make a
3 complete review of the territories for nonfleet private passenger motor
4 vehicle insurance to determine whether they are proper and reasonable.

- 5 (5) In the case of workers' compensation insurance and employers' liability
6 insurance written in connection therewith, due consideration shall be
7 given to the past and prospective effects of changes in compensation
8 benefits and in legal and medical fees that are provided for in General
9 Statutes Chapter 97."

10 Section 25. G.S. 58-36-15(a) reads as rewritten:

11 "(a) The Bureau shall file with the Commissioner copies of the rates, loss costs,
12 classification plans, rating plans and rating systems used by its members. Each rate or
13 loss costs filing shall become effective on the date specified in the filing, but not earlier
14 than 105 days ~~from~~ after the date the filing is received by the Commissioner: Provided
15 that (1) rate or loss costs filings for workers' compensation insurance and employers'
16 liability insurance written in connection therewith shall not become effective earlier than
17 120 days from the date the filing is received by the Commissioner or on the date as
18 provided under G.S. 58-36-100, whichever is earlier; and (2) any filing may become
19 effective on a date earlier than that specified in this subsection upon agreement between
20 the Commissioner and the Bureau."

21 Section 26. G.S. 58-36-15(f) reads as rewritten:

22 "(f) On or before September 1 of each calendar year the Bureau shall submit to the
23 Commissioner the experience, data, statistics, and information referred to in subsection
24 (c) of this section and required under G.S. 58-36-100 and a residual market rate ~~or~~ and
25 prospective loss costs review based on such data for workers' compensation insurance
26 and employers' liability insurance written in connection therewith. Any rate or loss costs
27 increase for such insurance that is implemented pursuant to this Article shall become
28 effective solely to such insurance as is written having an inception date on or after the
29 effective date of the rate or loss costs increase."

30 Section 27. G.S. 58-36-15(g) reads as rewritten:

31 "(g) The following information must be included in policy form, rule, and rate or
32 loss costs filings under this Article and under Article 37 of this Chapter:

- 33 (1) A detailed list of the rates, loss costs, rules, and policy forms filed,
34 accompanied by a list of those superseded; and
35 (2) A detailed description, properly referenced, of all changes in policy
36 forms, rules, prospective loss costs, and rates, including the effect of
37 each change."

38 Section 28. G.S. 58-36-30(a) reads as rewritten:

39 "(a) ~~No insurer, officer, agent or representative thereof~~ Except as permitted by G.S. 58-
40 36-100 for workers' compensation loss costs filings, no insurer and no officer, agent, or
41 representative of an insurer shall knowingly issue or deliver or knowingly permit the
42 issuance or delivery of any policy of insurance in this State ~~which~~ that does not conform
43 to the rates, rating plans, classifications, schedules, rules and standards made and filed by

1 the Bureau. ~~However, an~~ An insurer may deviate from the rates promulgated adopted by
2 the Bureau provided if the insurer has filed the proposed deviation to be applied both with
3 the Bureau and the Commissioner, and provided the deviation is uniform in its application to
4 all risks in the State of the class to which the deviation is to apply; and provided such deviation is
5 approved by the Commissioner. if the proposed deviation is based on sound actuarial
6 principles, and if the proposed deviation is approved by the Commissioner. The
7 Commissioner shall approve proposed deviations if they do not render the rates excessive,
8 inadequate or unfairly discriminatory. If approved, the deviation may thereafter be amended,
9 subject to the provisions of this subsection. Amendments to deviations are subject to the
10 same requirements as initial filings. The deviation may be terminated An insurer may
11 terminate a deviation only if the deviation has been in effect for a period of six months
12 before the effective date of the termination and the insurer notifies the Commissioner of
13 the termination no later than 15 days before the effective date of the termination."

14 Section 29. G.S. 58-36-30(c) reads as rewritten:

15 "(c) ~~Any deviation with respect to workers' compensation and employers' liability~~
16 ~~insurance written in connection therewith as filed under subsection (a) of this section~~
17 ~~shall apply uniformly to all classifications.~~ Any approved rate under subsection (b) of
18 this section with respect to workers' compensation and employers' liability insurance
19 written in connection therewith shall be furnished to the Bureau."

20 Section 30. Effective September 1, 1997, G.S. 58-36-100(a) reads as rewritten:

21 "(a) ~~Nothing in this section requires the Bureau or its member insurers to refile~~
22 ~~rates previously implemented before two years after the effective date of this section.~~
23 ~~Any member insurer of the Bureau may continue to use all rates and deviations filed and~~
24 ~~approved for its use until disapproved, or the insurer makes its own filing to change its~~
25 ~~rates, either by making an independent filing or by filing a reference filing adoption form~~
26 ~~adopting the Bureau's prospective loss costs, or modification thereof.~~ Except as provided
27 in subsection (m) of this section, with the initial prospective loss costs reference filing,
28 the Bureau shall no longer develop or file any minimum premiums, minimum premium
29 formulas, or expense constants. If an insurer wishes to amend minimum premium
30 formulas, formulas or expense constants, it must file the minimum premium rules,
31 formulas, or amounts it proposes to use. A copy of each filing submitted to the
32 Commissioner under subsections (e) and (g) of this section shall also be sent to the
33 Bureau."

34 Section 31. Effective September 1, 1997, G.S. 58-36-100(b)(1) reads as
35 rewritten:

36 "(1) 'Expenses'. – That portion of a rate attributable to acquisition, field
37 supervision, collection expenses, any tax levied by the State or by any
38 political subdivision of the State, licensing costs, fees, and general
39 expenses, as determined by the insurer."

40 Section 32. Effective September 1, 1997, G.S. 58-36-100(c) reads as
41 rewritten:

42 "(c) Except as provided in subsection (m) of this section, for workers' compensation
43 and employers' liability insurance written in connection with workers' compensation

1 insurance, the Bureau shall no longer develop or file advisory final rates that contain
2 provisions for expenses (other than loss adjustment expenses) and profit. The Bureau
3 shall instead develop and file for approval with the Commissioner, in accordance with
4 this section, reference filings containing advisory prospective loss costs and the
5 underlying loss data and other supporting statistical and actuarial information for any
6 calculations or assumptions underlying these loss costs. Loss-based assessments, any tax
7 levied by the State or any political subdivision of the State, licensing costs, and fees
8 assessments will be included in prospective loss costs."

9 **PART V. INSURANCE COMPANY FINANCIAL OPERATIONS.**

10 Section 33. G.S. 58-5-63(a) reads as rewritten:

11 "(a) All insurance companies making deposits under this Article are entitled to
12 interest on those ~~deposits, which shall remain in the deposit accounts.~~ deposits. The right to
13 interest is subject to a company paying its insurance policy liabilities. If any company
14 fails to pay those liabilities, interest accruing after the failure is payable to the
15 Commissioner for the payment of those liabilities under subsection (b) of this section."

16 Section 34. G.S. 58-7-21(a) reads as rewritten:

17 "(a) As used in this section and in G.S. ~~58-7-26, 58-7-30, and 58-7-31.~~ 58-7-26 and
18 G.S. 58-7-30:

19 (1) 'Reinsurance' means a transfer of insurance risk from a ceding insurer to
20 an assuming insurer.

21 (2) 'Insurance risk' means an uncertainty regarding the ultimate amount of
22 any claim payment (underwriting risk) or an uncertainty regarding the
23 timing of the payments (timing risk), or both."

24 Section 35. G.S. 58-7-31(b)(3) reads as rewritten:

25 "(3) The ceding insurer is required to reimburse the reinsurer for negative
26 experience under the reinsurance agreement; except that neither
27 offsetting experience refunds against current and prior years' losses
28 under the reinsurance agreement nor payment by the ceding insurer of
29 an amount equal to the current and prior years' losses under the
30 reinsurance agreement upon voluntary termination of in-force
31 reinsurance by the ceding insurer are a reimbursement to the reinsurer
32 for negative experience. Voluntary termination does not include
33 situations where termination occurs because of unreasonable provisions
34 that allow the reinsurer to reduce its risk or increase its risk charge
35 under the reinsurance agreement."

36 Section 36. G.S. 58-7-31(d)(1) reads as rewritten:

37 "(1) Reinsurance agreements entered into after October 1, 1993, that involve
38 the reinsurance of business issued ~~prior to~~ before the effective date of the
39 reinsurance agreements, along with any subsequent amendments
40 thereto, shall be filed by the ceding company with the Commissioner
41 within 30 days after its date of execution. Each filing shall include data
42 detailing the ~~final impact~~ financial effect of the transaction. The ceding
43 insurer's actuary who signs the financial statement actuarial opinion

1 with respect to valuation of reserves shall consider this ~~statute-section~~
2 and any applicable actuarial standards of practice when determining the
3 proper credit in financial statements filed with the Commissioner. The
4 actuary ~~should~~ shall maintain adequate documentation and be prepared
5 upon request to describe the actuarial work performed for inclusion in
6 the financial statements and to demonstrate that such work conforms to
7 this ~~statute-section~~.

8 Section 37. G.S. 58-7-173(12) reads as rewritten:

9 "(12) Secured obligations of duly constituted churches and of church-holding
10 companies; and the cost of investments made under this subdivision
11 shall not exceed the lesser of one percent (1%) of the insurer's admitted
12 assets ~~of or~~ five percent (5%) of the insurer's capital and surplus."

13 Section 38. The catchline of G.S. 58-7-177 reads as rewritten:

14 "**§ 58-7-177. Investments in subsidiaries and affiliated corporations. subsidiaries.**"

15 Section 39. G.S. 58-8-5(a)(3) reads as rewritten:

16 "(3) ~~Said officers shall cause said certificate to be published once a week for~~
17 ~~two consecutive weeks in a newspaper in Raleigh and in the county~~
18 ~~where the company's principal office is located, or posted at the~~
19 ~~courthouse door if no newspaper be published within the county. Said~~
20 ~~printed or posted notices shall be in such form and of such size as the~~
21 ~~Commissioner may approve, and in addition to setting forth in full the~~
22 ~~certificate required in subdivision (2) shall state that application for~~
23 ~~amending the company's charter in the manner specified has been~~
24 ~~proposed by the board of directors, and shall also state the time set for a~~
25 ~~meeting of policyholders thereby called to be held at the principal office~~
26 ~~of the company to take action on the proposed amendment. A true copy~~
27 ~~of such notice shall be filed with the Commissioner, and also with that~~
28 ~~official who performs the functions of Commissioner in each state~~
29 ~~where the company is licensed to do business. Such publication and~~
30 ~~filing of notices shall be completed at least 30 days prior to the date set~~
31 ~~therein for the meeting of policyholders and due proof thereof shall be~~
32 ~~filed with the Commissioner at least 15 days prior to the date of such~~
33 ~~meeting. If the meeting at which the proposed amendment is to be~~
34 ~~considered is a special meeting, rather than a regular annual meeting of~~
35 ~~policyholders, such special meeting can be called only after the~~
36 ~~Commissioner has given his approval in writing, and the published~~
37 ~~notice shall show the fact of such approval, writing."~~

38 Section 40. G.S. 58-8-25 reads as rewritten:

39 "**§ 58-8-25. Dividends to policyholders.**

40 (a) Any participating or dividend-paying company, stock or mutual or foreign or
41 domestic, that writes other than life insurance or workers' compensation insurance and
42 employers' liability insurance in connection therewith, may declare and pay a dividend to
43 policyholders from its ~~surplus,~~ unassigned surplus as reflected in the company's most

1 recent annual or quarterly statement filed with the Commissioner, which shall include
2 only its surplus in excess of any required minimum surplus. No such dividend shall be
3 paid unless fair and equitable and for the best interest of the company and its
4 policyholders. In declaring any dividend to its policyholders, any such company may
5 make reasonable classifications of policies expiring during a fixed period, upon the basis
6 of each general kind of insurance covered by such policies and by territorial divisions of
7 the location of risks by states, except that in fixing the amount of dividends to be paid on
8 each general kind of insurance, which dividends shall be uniform in rate and applicable to
9 the majority of risks within such general kind of insurance, exceptions may be made as to
10 any class or classes of risk and a different rate or amount of dividends paid on such class
11 or classes if the conditions applicable to such class or classes differ substantially from the
12 condition applicable to the kind of insurance as a whole. Every such company shall have
13 an equal rate of dividend for the same term on all policies insuring risks in the same
14 classification. The payment of dividends to policyholders shall not be contingent upon
15 the maintenance or renewal of the policy. All dividends shall be paid to the policyholder
16 unless a written assignment thereof be executed. Neither the payment of dividends nor
17 the rate thereof may be guaranteed by any company, or its agent, prior to the declaration
18 of the dividend by the board of directors of such company. The holders of policies of
19 insurance issued by a company in compliance with the orders of any public official,
20 bureau or committee, in conformity with any statutory requirement or voluntary
21 arrangement, for the issuance of insurance to risks not otherwise acceptable to the
22 company, may be established as a separate class of risks.

23 (b) Any participating or dividend-paying company, stock or mutual or foreign or
24 domestic, that writes workers' compensation insurance and employers' liability insurance
25 in connection therewith may declare and pay a dividend to policyholders from its ~~surplus,~~
26 unassigned surplus as reflected in the company's most recent statement filed with the
27 Commissioner under G.S. 58-2-165, which shall include only its surplus in excess of any
28 required minimum surplus. No such dividend shall be paid unless fair and equitable and
29 for the best interest of the company and its policyholders. In declaring any dividend to its
30 policyholders, any such company may make reasonable classifications of policies
31 expiring during a fixed period. The payment of dividends to policyholders shall not be
32 contingent upon the maintenance or renewal of the policy. All dividends shall be paid to
33 the policyholder unless a written assignment thereof be executed. Neither the payment of
34 dividends nor the rate thereof may be guaranteed by any company, or its agent, prior to
35 the declaration of the dividend by the board of directors of such company. The holders of
36 policies of insurance issued by a company in compliance with the orders of any public
37 official, bureau, or committee, in conformity with any statutory requirement or voluntary
38 arrangement, for the issuance of insurance to risks not otherwise acceptable to the
39 company, may be established as a separate class of risks."

40 Section 41. G.S. 58-9-6(a) reads as rewritten:

41 "(a) The Commissioner shall issue an intermediary license or an exemption from
42 the license, subject to G.S. 58-9-2(b)(2) or G.S. 58-9-2(c)(3), to any person who has
43 complied with the requirements of this Article. A license issued to a noncorporate entity

1 authorizes all of the members of the entity and any designated employees to act as
2 intermediaries under the license, and those persons shall be named in the application and
3 any supplements. A license issued to a corporation authorizes all of the officers and any
4 designated employees and directors of the corporation to act as intermediaries on behalf
5 of the corporation, and those persons shall be named in the application and any
6 supplements."

7 Section 42. G.S. 58-9-11(b) reads as rewritten:

8 "(b) An insurer shall not engage the services of any person to act as a broker on its
9 behalf unless the person is licensed ~~under G.S. 58-9-6.~~ or exempted pursuant to this
10 Article. An insurer shall not employ an individual who is employed by a broker with
11 which it transacts business, unless the broker is under common control with the insurer
12 under Article 19 of this Chapter."

13 Section 43. G.S. 58-9-21(a) reads as rewritten:

14 "(a) A reinsurer shall not engage the services of any person to act as a manager on
15 its behalf unless the person is licensed ~~under G.S. 58-9-6.~~ or exempted pursuant to this
16 Article."

17 Section 44. G.S. 58-12-2(3) reads as rewritten:

18 "(3) Domestic insurer. – Any insurance company organized in this State
19 under ~~Article 7~~ Article 7 or Article 15 of this Chapter."

20 Section 45. G.S. 58-13-10 reads as rewritten:

21 "**§ 58-13-10. Scope.**

22 (a) This Article applies to all domestic insurers and to all kinds of insurance
23 written by those insurers ~~under Articles 1 through 66~~ of this Chapter. Foreign insurers ~~are to~~
24 shall comply in substance with the requirements and limitations of this section. ~~This~~
25 ~~Article does not apply to variable contracts for which separate accounts are required to be~~
26 ~~maintained nor to statutory deposits that are required to be maintained by insurance regulatory~~
27 ~~agencies as a requirement for doing business in such jurisdictions.~~

28 (b) This Article does not apply to:

29 (1) Variable contracts for which separate accounts are required to be
30 maintained.

31 (2) Statutory deposits that are required to be maintained by insurance
32 regulatory agencies as a requirement for doing business.

33 (3) Real estate authorized under G.S. 58-7-187 and encumbered by a
34 mortgage loan with a first lien."

35 Section 46. G.S. 58-13-15 reads as rewritten:

36 "**§ 58-13-15. Definitions.**

37 As used in this Article:

38 (1) 'Assets' means all property, real or personal, tangible or intangible, legal
39 or equitable, owned by an insurer.

40 (2) 'Claimants' means any owners, beneficiaries, assignees, certificate
41 holders, or third-party beneficiaries of any insurance benefit or right
42 arising out of and within the coverage of an insurance policy covered by
43 this Article.

1 (3) 'Reserve assets' means those assets of an insurer that are authorized
2 investments for policy reserves in accordance with ~~Articles 1 through 64~~
3 ~~of this Chapter and G.S. 58-65-95.~~ this Chapter.

4 (4) 'Policyholder-related liabilities' means those liabilities that are required
5 to be established by an insurer for all of its outstanding insurance
6 policies in accordance with ~~Articles 1 through 64 of this Chapter and G.S.~~
7 ~~58-65-95.~~ this Chapter."

8 Section 47. G.S. 58-13-20(b) reads as rewritten:

9 "(b) The Commissioner ~~has the right to~~ may examine any of such assets, reinsurance
10 agreements, or deposit arrangements at any time in accordance with his authority to make
11 examinations of insurers as conferred by other provisions of ~~Articles 1 through 64 of this~~
12 ~~Chapter."~~

13 Section 48. G.S. 58-19-5(5) reads as rewritten:

14 "(5) 'Person' means an individual, corporation, partnership, limited liability
15 company, association, joint stock company, trust, unincorporated
16 organization, or any similar entity or any combination of the foregoing
17 acting in concert."

18 Section 49. G.S. 58-19-10(b)(1) reads as rewritten:

19 "(1) Invest, in common stock, preferred stock, debt obligations, and other
20 securities of one or more subsidiaries, amounts that do not exceed the
21 lesser of ten percent (10%) of such insurer's admitted assets or fifty
22 percent (50%) of such insurer's surplus as regards policyholders,
23 provided that after such investments, the insurer's surplus as regards
24 policyholders will be reasonable in relation to the insurer's outstanding
25 liabilities and adequate to its financial needs. In calculating the amount
26 of such investments, investments in domestic or foreign insurance
27 subsidiaries and health maintenance organizations shall be excluded,
28 and there shall be included: (i) total net monies or other consideration
29 expended and obligations assumed in the acquisition or formation of a
30 subsidiary, including all organizational expenses and contributions to
31 capital and surplus of such subsidiary whether or not represented by the
32 purchase of capital stock or issuance of other securities; and (ii) all
33 amounts expended in acquiring additional common stock, preferred
34 stock, debt obligations, and other securities, and all contributions to the
35 capital or surplus, of a subsidiary subsequent to its acquisition or
36 formation;"

37 PART VI. HANDICAPPED PERSONS.

38 Section 50. G.S. 168-10 reads as rewritten:

39 "§ 168-10. Eliminate discrimination in treatment of handicapped and disabled.

40 Each handicapped person shall have the same consideration as any other person for
41 individual accident and health insurance coverage, and no insurer, service corporation,
42 multiple employer welfare arrangement, or health maintenance organization subject to
43 Chapter 58 of the General Statutes solely on the basis of ~~such~~ the person's handicap, shall

1 deny ~~such~~ coverage or benefits. The availability of ~~such insurance~~ coverage or benefits
2 shall not be denied solely ~~due to~~ because of the handicap, provided, however, that no such
3 insurer shall be prohibited from excluding by waiver or otherwise, any pre-existing conditions
4 from such coverage, and further provided that any such insurer may charge the appropriate
5 premiums or fees for the risk insured on the same basis and conditions as insurance
6 issued to other ~~persons.~~ persons, in accordance with actuarial and underwriting principles
7 prescribed in Chapter 58 of the General Statutes. ~~Nothing contained herein or in any other~~
8 statute shall restrict or preclude any insurer governed by Chapter 58 of the General Statutes from
9 setting and charging a premium or fee based upon the class or classes of risks and on sound
10 actuarial and underwriting principles as determined by such insurer, or from applying its regular
11 underwriting standards applicable to all classes of risks. The provisions of this section shall
12 apply to both corporations governed by Chapter 58 of the General Statutes."

13 Section 51. G.S. 168-22(b) reads as rewritten:

14 "(b) A family care home shall be deemed a residential use of property for the
15 purposes of determining charges or assessments imposed by political subdivisions or
16 businesses for water, sewer, power, telephone service, cable television, garbage and trash
17 collection, repairs or improvements to roads, streets, and sidewalks, and other services,
18 utilities, and improvements, and for purposes of classification for insurance. improvements."

19 PART VII. AUTOMOBILE INSURANCE.

20 Section 52. G.S. 58-36-75(c) is repealed.

21 Section 53. G.S. 58-36-85(a) reads as rewritten:

22 "(a) Definitions. – The following definitions apply in this section:

23 (1) Policy. – A nonfleet private passenger motor vehicle liability insurance
24 policy, including a ~~policy one~~ that provides medical payments, uninsured
25 motorist, or underinsured motorist coverage, ~~whose named insured is one~~
26 ~~individual or two or more individuals who reside in the same household.~~ that
27 is under the jurisdiction of the Rate Bureau.

28 (2) Terminate. – To cancel or refuse to renew a policy."

29 Section 54. G.S. 58-37-40(f) reads as rewritten:

30 "(f) The plan of operation shall provide that every member shall, following
31 payment of any pro rata assessment, commence recoupment of that assessment by way of
32 a surcharge on motor vehicle insurance policies issued by the member or through the
33 Facility until the assessment has been recouped. ~~Such~~ The surcharge shall be a percentage
34 of premium adopted by the Board of Governors of the Facility; and the charges
35 determined on the basis of the surcharge shall be combined with and displayed as a part
36 of the applicable premium charges. ~~Provided, however, that recoupment~~ Recoupment of
37 losses sustained by the Facility ~~since September 1, 1977,~~ with respect to nonfleet private
38 passenger motor vehicles may be recouped only by surcharging policies (i) that are
39 subject to the classification plan ~~promulgated pursuant to G.S. 58-36-65 and (ii) to which one~~
40 ~~or more driving record points have been assigned pursuant to said plan, subject to the provisions~~
41 ~~of G.S. 58-36-75.~~ under G.S. 58-36-65. If the amount collected during the period of
42 surcharge exceeds assessments paid by the member to the Facility, the member shall pay
43 over the excess to the Facility on a date specified by the Board of Governors. If the

1 amount collected during the period of surcharge is less than the assessments paid by the
2 member to the Facility, the Facility shall pay the difference to the member. Except as
3 ~~hereinafter provided, otherwise provided in this Article,~~ the amount of recoupment shall
4 not be considered or treated as a rate or premium for any purpose. The Board of
5 Governors shall adopt and implement a plan for compensation of agents of Facility
6 members when recoupment surcharges are imposed; such compensation shall not exceed
7 the compensation or commission rate normally paid to the agent for the issuance or
8 renewal of the automobile liability policy issued through the North Carolina Reinsurance
9 Facility affected by ~~such~~ the surcharge; provided, however, that the surcharge provided
10 for in this section shall include an amount necessary to recover the amount of the
11 assessment to member companies and the compensation paid by each member, pursuant
12 to this section, to agents."

13 Section 55. G.S. 58-37-35(b)(8) reads as rewritten:

14 "(8) To establish fair and reasonable procedures for the sharing among
15 members of any loss on Facility business ~~which~~ that cannot be recouped
16 ~~pursuant to under~~ G.S. 58-37-40(f) or ~~which cannot be recouped or~~
17 ~~allocated under~~ G.S. 58-37-75, and other costs, charges, expenses,
18 liabilities, income, property and other assets of the Facility and for
19 assessing or distributing to members their appropriate shares. ~~Such~~ The
20 shares may be based on the member's premiums for voluntary business
21 for the appropriate category of motor vehicle insurance or by any other
22 fair and reasonable method."

23 Section 56. G.S. 58-37-35(g)(8) reads as rewritten:

24 "(8) To establish fair and reasonable procedures for the sharing among
25 members of any loss on Facility business which cannot be recouped
26 pursuant to G.S. 58-37-40(f) or which cannot be recouped or ~~allocated~~
27 ~~under G.S. 58-37-75, allocated~~ and other costs, charges, expenses,
28 liabilities, income, property and other assets of the Facility and for
29 assessing or distributing to members their appropriate shares. Such
30 shares may be based on the member's premiums for voluntary business
31 for the appropriate category of motor vehicle insurance or by any other
32 fair and reasonable method."

33 Section 57. G.S. 58-37-35(l) reads as rewritten:

34 "(l) The classifications, rules, rates, rating plans and policy forms used on motor
35 vehicle insurance policies reinsured by the Facility may be made by the Facility or by any
36 licensed or statutory rating organization or bureau on its behalf and shall be filed with the
37 Commissioner. The Board of Governors shall establish a separate subclassification
38 within the Facility for 'clean risks' as herein defined. For the purpose of this Article, a
39 'clean risk' shall be any owner of a nonfleet private passenger motor vehicle as defined in
40 G.S. 58-40-10, if the owner, principal operator, and each licensed operator in the owner's
41 household have two years' driving experience as licensed drivers and if none of the
42 persons has been assigned any Safe Driver Incentive Plan points under Article 36 of this
43 Chapter during the three-year period immediately preceding either (i) the date of

1 application for a motor vehicle insurance policy or (ii) the date of preparation of a
2 renewal of a motor vehicle insurance policy. Such filings may incorporate by reference
3 any other material on file with the Commissioner. Rates shall be neither excessive,
4 inadequate nor unfairly discriminatory. If the Commissioner finds, after a hearing, that a
5 rate is either excessive, inadequate or unfairly discriminatory, he shall issue an order
6 specifying in what respect it is deficient and stating when, within a reasonable period
7 thereafter, such rate shall be deemed no longer effective. Said order is subject to judicial
8 review as set out in Article 2 of this Chapter. Pending judicial review of said order, the
9 filed classification plan and the filed rates may be used, charged and collected in the same
10 manner as set out in G.S. 58-40-45 of this Chapter. Said order shall not affect any
11 contract or policy made or issued prior to the expiration of the period set forth in the
12 order. All rates shall be on an actuarially sound basis and shall be calculated, insofar as
13 is possible, to produce neither a profit nor a loss. However, the rates made by or on
14 behalf of the Facility with respect to 'clean risks', as defined above, shall not exceed the
15 rates charged 'clean risks' who are not reinsured in the Facility. The difference between
16 the actual rate charged and the actuarially sound and self-supporting rates for 'clean risks'
17 reinsured in the Facility may be recouped in similar manner as assessments pursuant to
18 ~~G.S. 58-37-40(f) or allocated pursuant to G.S. 58-37-75.~~ G.S. 58-37-40(f). Rates shall not
19 include any factor for underwriting profit on Facility business, but shall provide an
20 allowance for contingencies. There shall be a strong presumption that the rates and
21 premiums for the business of the Facility are neither unreasonable nor excessive."

22 Section 58. G.S. 58-37-75 is repealed.

23 **PART VIII. WORKERS' COMPENSATION SELF-INSURANCE.**

24 Section 59. G.S. 58-50-60 reads as rewritten:

25 **"§ 58-50-60. Rules for precertification practices.**

26 (a) This section applies to all accident and health insurers under Articles 1 through
27 64 of this Chapter, all third-party administrators and preferred provider arrangements, all
28 entities subject to Articles 65 through 67 of this Chapter, and all self-funded ~~health benefit~~
29 workers' compensation insurance plans.

30 (b) The Commissioner shall adopt reasonable rules governing ~~precertification~~
31 ~~practices and forms utilization review~~ and utilization review organizations ~~affiliated that do~~
32 business with the entities subject to this section."

33 Section 60. G.S. 58-50-65(a) reads as rewritten:

34 "(a) ~~Nothing~~ Except as provided in this subsection, nothing in Articles 50 through
35 55 of this Chapter ~~shall apply~~ applies to or affect any policy of liability or workers'
36 compensation ~~insurance, except that insurance policy.~~ Except for G.S. 58-50-55(a), the
37 provisions of ~~G.S. 58-50-50 and subsections (b) and (c) of G.S. 58-50-55~~ this Article and
38 Articles 65 and 67 of this Chapter and any administrative rules adopted under those
39 Articles relating to preferred providers and utilization review apply to policies of workers'
40 compensation ~~insurance.~~ insurance policies and to individual and group self-funded
41 workers' compensation insurance plans. If there is any conflict between managed care
42 rules adopted by the Commissioner under this Chapter and managed care rules adopted
43 by the Industrial Commission under G.S. 97-25.2, the Industrial Commission's rules

1 govern. If there is any conflict between managed care provisions in this Chapter and in
2 Chapter 97 of the General Statutes with respect to workers' compensation, the provisions
3 in Chapter 97 govern."

4 **PART IX. CERTIFICATE OF AUTHORITY CONFORMING NAME CHANGE.**

5 Section 61. The phrase "certificate of authority" is deleted and replaced by the
6 word "license" wherever it occurs in each of the following sections of the General
7 Statutes:

8 G.S. 58-4-15. Revocation of certificate of authority.

9 G.S. 58-7-55. Exceptions to requirements of G.S. 58-7-50.

10 G.S. 58-7-70. Effects of redomestication.

11 G.S. 58-15-5. Definitions.

12 G.S. 58-16-35. Unauthorized Insurers Process Act.

13 G.S. 58-24-45. Organization.

14 G.S. 58-24-145. Injunction – Liquidation – Receivership of domestic
15 society.

16 G.S. 58-28-5. Transacting business without certificate of authority
17 prohibited; exceptions.

18 G.S. 58-28-15. Validity of acts or contracts of unauthorized company
19 shall not impair obligation of contract as to the company;
20 maintenance of suits; right to defend.

21 G.S. 58-28-45. Uniform Unauthorized Insurers Act.

22 G.S. 58-30-10. Definitions.

23 G.S. 58-30-55. Condition on release from delinquency proceedings.

24 G.S. 58-30-260. Conservation of property of foreign or alien insurers
25 found in this State.

26 G.S. 58-33-132. Qualifications of instructors.

27 G.S. 58-41-55. Penalties; restitution.

28 G.S. 58-48-35. Powers and duties of the Association.

29 G.S. 58-48-45. Duties and powers of the Commissioner.

30 G.S. 58-57-80. Penalties.

31 **PART X. RISK SHARING PLAN SUNSET EXTENSION.**

32 Section 62. G.S. 58-42-55 reads as rewritten:

33 **"§ 58-42-55. Expiration.**

34 This Article ~~shall expire~~ expires on July 1, ~~1997-1999.~~"

35 **PART XI. EFFECT OF HEADINGS.**

36 Section 63. The headings to the parts of this act are a convenience to the
37 reader and are for reference only. The headings do not expand, limit, or define the text of
38 this act.

39 **PART XII. EFFECTIVE DATE.**

40 Section 64. Sections 30-32 of this act become effective September 1, 1997.
41 The remainder of this act is effective when it becomes law.