

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 453

Short Title: Allow Salary Protection Insurance. (Public)

Sponsors: Representative Dockham (Primary Sponsor).
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

Referred to: Insurance.

March 24, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE PLACEMENT AND ISSUANCE OF SALARY
3 PROTECTION INSURANCE UNDER THE SURPLUS LINES ACT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 58-21-10 reads as rewritten:

6 **"§ 58-21-10. Definitions.**

7 As used in this Article:

- 8 (1) "Admitted insurer" means an insurer licensed to do an insurance business in
9 this State.
- 10 (2) "Capital", as used in the financial requirements of G.S. 58-21-20, means
11 funds paid in for stock or other evidence of ownership.
- 12 (3) "Eligible surplus lines insurer" means a nonadmitted insurer with which a
13 surplus lines licensee may place surplus lines insurance under
14 G.S. 58-21-20.
- 15 (4) "Export" means to place surplus lines insurance with a nonadmitted insurer.
- 16 (5) "Nonadmitted insurer" means an insurer not licensed to do an insurance
17 business in this State. This definition includes insurance exchanges
18 authorized under the laws of various states.
- 19 (6) "Producing broker" means an agent or broker licensed under Article 33 of
20 this Chapter who deals directly with the party seeking insurance and who
21 may also be a surplus lines licensee.
- 22 (6a) "Salary protection insurance" means insurance against financial loss caused
23 by the cessation of earned income because of disability from sickness,
24 ailment, or bodily injury.
- 25 (7) "Surplus", as used in the financial requirements of G.S. 58-21-20, means
26 funds over and above liabilities and capital of the company for the protection
27 of policyholders.
- 28 (8) "Surplus lines insurance" means any insurance in this State of risks resident,
29 located, or to be performed in this State, permitted to be placed through a
30 surplus lines licensee with a nonadmitted insurer eligible to accept such
31 insurance, ~~other than~~ including salary protection insurance. The term does
32 not include reinsurance, commercial aircraft insurance, wet marine and
33 transportation insurance, insurance independently procured pursuant to
34 G.S. 58-28-5, life and accident or health insurance, and annuities.



- 1 (9) "Surplus lines licensee" means a person licensed under G.S. 58-21-65 to
2 place insurance on risks resident, located, or to be performed in this State
3 with nonadmitted insurers eligible to accept such insurance.
- 4 (10) "Wet marine and transportation insurance" means:
5 a. Insurance upon vessels, crafts, hulls and of interests therein or with
6 relation thereto;
7 b. Insurance of marine builder's risks, marine war risks and contracts of
8 marine protection and indemnity insurance;
9 c. Insurance of freights and disbursements pertaining to a subject of
10 insurance coming within this subsection; and
11 d. Insurance of personal property and interests therein, in the course of
12 exportation from or importation into any country, or in the course of
13 transportation coastwise or on inland waters including transportation
14 by land, water, or air from point of origin to final destination, in
15 connection with any and all risks or perils of navigation, transit or
16 transportation, and while being prepared for and while awaiting
17 shipment, and during any delays, transshipment, or reshipment
18 incident thereto."

19 **SECTION 2.** Article 21 of Chapter 58 is amended by adding a new section to read:

20 **§ 58-21-22. Limitation on amount of salary protection insurance.**

21 When salary protection insurance benefits are payable to an individual or an individual's
22 beneficiary, the amount of salary protection insurance plus the amount of any in-force disability
23 income insurance, if the individual can obtain disability insurance from an admitted insurer,
24 shall not exceed seventy-five percent (75%) of the individual's annual earned income. As used
25 in this section, "disability income insurance" has the same meaning as "accident and health
26 insurance" in G.S. 58-7-15(3)."

27 **SECTION 3.** This act becomes effective October 1, 2011.