

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011**

**SESSION LAW 2011-370  
HOUSE BILL 453**

AN ACT TO AUTHORIZE THE PLACEMENT AND ISSUANCE OF SALARY  
PROTECTION INSURANCE UNDER THE SURPLUS LINES ACT.

The General Assembly of North Carolina enacts:

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

**"§ 58-21-10. Definitions.**

As used in this Article:

- (1) "Admitted insurer" means an insurer licensed to do an insurance business in this State.
- (2) "Capital", as used in the financial requirements of G.S. 58-21-20, means funds paid in for stock or other evidence of ownership.
- (3) "Eligible surplus lines insurer" means a nonadmitted insurer with which a surplus lines licensee may place surplus lines insurance under G.S. 58-21-20.
- (4) "Export" means to place surplus lines insurance with a nonadmitted insurer.
- (5) "Nonadmitted insurer" means an insurer not licensed to do an insurance business in this State. This definition includes insurance exchanges authorized under the laws of various states.
- (6) "Producing broker" means an agent or broker licensed under Article 33 of this Chapter who deals directly with the party seeking insurance and who may also be a surplus lines licensee.
- (6a) "Salary protection insurance" means insurance against financial loss caused by the cessation of earned income because of disability from sickness, ailment, or bodily injury.
- (7) "Surplus", as used in the financial requirements of G.S. 58-21-20, means funds over and above liabilities and capital of the company for the protection of policyholders.
- (8) "Surplus lines insurance" means any insurance in this State of risks resident, located, or to be performed in this State, permitted to be placed through a surplus lines licensee with a nonadmitted insurer eligible to accept such insurance, ~~other than~~ including salary protection insurance. The term does not include reinsurance, commercial aircraft insurance, wet marine and transportation insurance, insurance independently procured pursuant to G.S. 58-28-5, life and accident or health insurance, and annuities.
- (9) "Surplus lines licensee" means a person licensed under G.S. 58-21-65 to place insurance on risks resident, located, or to be performed in this State with nonadmitted insurers eligible to accept such insurance.
- (10) "Wet marine and transportation insurance" means:
  - a. Insurance upon vessels, crafts, hulls and of interests therein or with relation thereto;
  - b. Insurance of marine builder's risks, marine war risks and contracts of marine protection and indemnity insurance;
  - c. Insurance of freights and disbursements pertaining to a subject of insurance coming within this subsection; and
  - d. Insurance of personal property and interests therein, in the course of exportation from or importation into any country, or in the course of transportation coastwise or on inland waters including transportation by land, water, or air from point of origin to final destination, in



connection with any and all risks or perils of navigation, transit or transportation, and while being prepared for and while awaiting shipment, and during any delays, transshipment, or reshipment incident thereto."

**SECTION 2.** Article 21 of Chapter 58 is amended by adding a new section to read:  
**"§ 58-21-22. Limitation on amount of salary protection insurance.**

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

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

In the General Assembly read three times and ratified this the 17<sup>th</sup> day of June, 2011.

s/ Walter H. Dalton  
President of the Senate

s/ Thom Tillis  
Speaker of the House of Representatives

s/ Beverly E. Perdue  
Governor

Approved 12:51 p.m. this 27<sup>th</sup> day of June, 2011