

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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SENATE BILL 489

Short Title: Clarify Workers' Comp. Policy Cancellation. (Public)

Sponsors: Senators Bishop, Daniel, and Clark (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 30, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY WHEN NOTICES OF CANCELLATION OF WORKERS'
3 COMPENSATION POLICIES ARE PRESUMED EFFECTIVE AND COMPLETE.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 58-36-105(b) reads as rewritten:

6 "(b) Any cancellation permitted by subsection (a) of this section is not effective unless
7 written notice of cancellation has been given to the insured not less than 15 days before the
8 proposed effective date of cancellation. The notice may be given by registered or certified mail,
9 return receipt requested, to the insured and any other person designated in the policy to receive
10 notice of cancellation at their addresses shown in the policy or, if not indicated in the policy, at
11 their last known addresses. The notice shall state the precise reason for cancellation. Whenever
12 notice of intention to cancel is given by registered or certified mail, no cancellation by the
13 insurer shall be effective unless and until such method is employed and completed. Notice of
14 intent to cancel shall be conclusively presumed completed three days after the notice is sent if
15 the insurer also provides notice by electronic means as defined in G.S. 58-2-255(a), or by
16 first-class mail to the insured. Notice of cancellation, termination, or nonrenewal may also be
17 given by any method permitted for service of process pursuant to Rule 4 of the North Carolina
18 Rules of Civil Procedure. Failure to send this notice, as provided in this section, to any other
19 person designated in the policy to receive notice of cancellation invalidates the cancellation
20 only as to that other person's interest."

21 **SECTION 2.** G.S. 58-2-255(b) reads as rewritten:

22 "(b) When any insurance law of this State, ~~except for cancellation, termination, or~~
23 ~~nonrenewal of workers' compensation policies pursuant to G.S. 58-36-105(b),~~ State requires a
24 communication to be provided to a party in writing, signed by a party, provided by means of a
25 specific delivery method, or retained by an insurer, those requirements are satisfied if the
26 insurer complies with Article 40 of Chapter 66 of the General Statutes."

27 **SECTION 3.** This act is effective when it becomes law and applies to notices of
28 cancellation of workers' compensation policies sent on or after that date.

