

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 496
Commerce and Insurance Committee Substitute Adopted 5/6/21
House Committee Substitute Favorable 10/20/21

Short Title: DOI Omnibus Bill.-AB

(Public)

Sponsors:

Referred to:

April 5, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND AND TO MAKE CLARIFYING CHANGES TO VARIOUS
3 INSURANCE LAWS, AS RECOMMENDED BY THE DEPARTMENT OF INSURANCE.
4 The General Assembly of North Carolina enacts:

5
6 **PART I. HOLDING COMPANY ACT FORM FILING CHANGES**

7 **SECTION 1.** G.S. 58-19-75(b) reads as rewritten:

8 "(b) A complete copy of each statement, including exhibits and all other papers and
9 documents filed as a part of the statement, shall be filed with the Commissioner by ~~personal~~
10 ~~delivery or~~ mail addressed to the Commissioner and shall be signed in the manner prescribed on
11 the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant
12 to a power of attorney or other similar authority, a copy of the power of attorney or other authority
13 shall also be filed with the statement."
14

15 **PART II. STANDARDIZE QUALITY LIMITATIONS FOR OBLIGATIONS**

16 **SECTION 2.(a)** G.S. 58-7-170(d) reads as rewritten:

17 "(d) Without the Commissioner's prior written approval, the cost of investments permitted
18 under G.S. 58-7-173 and G.S. 58-7-178, and that are classified as medium to lower quality
19 obligations, ~~other than obligations of subsidiaries or affiliated corporations as that term is defined~~
20 ~~in G.S. 58-19-5,~~ obligations shall be limited to:

- 21 (1) No more than twenty percent (20%) of an insurer's admitted assets;
22 (2) No more than ten percent (10%) of an insurer's admitted assets in obligations
23 designated a 4, 5, or 6 in accordance with the Purposes and Procedures Manual
24 of the NAIC Securities Valuation Office;
25 (3) No more than three percent (3%) of an insurer's admitted assets in obligations
26 designated a 5 or 6 in accordance with the Purposes and Procedures Manual
27 of the NAIC Securities Valuation Office; and
28 (4) No more than one percent (1%) of an insurer's admitted assets in obligations
29 designated a 6 in accordance with the Purposes and Procedures Manual of the
30 NAIC Securities Valuation Office.

31 (5),(6) Repealed by Session Laws 1993, c. 452, s. 11."

32 **SECTION 2.(b)** G.S. 58-19-10 reads as rewritten:

33 **"§ 58-19-10. ~~Subsidiaries~~ Affiliates or subsidiaries of insurers.**

34 ...



1 (b) In addition to investments in common stock, preferred stock, debt obligations, and
2 other securities permitted under this Chapter, a domestic insurer may also:

3 (1) Invest, in common stock, preferred stock, debt obligations, and other
4 securities of one or more affiliates or subsidiaries, amounts that do not exceed
5 the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent
6 (50%) of the insurer's policyholders' surplus, provided that after those
7 investments, the insurer's policyholders' surplus will be reasonable in relation
8 to the insurer's outstanding liabilities and adequate to its financial needs. In
9 calculating the amount of the investments, investments in domestic or foreign
10 insurance affiliates or subsidiaries and health maintenance organizations shall
11 be excluded, and there shall be included: (i) total net monies or other
12 consideration expended and obligations assumed in the acquisition or
13 formation of ~~a~~an affiliate or subsidiary, including all organizational expenses
14 and contributions to capital and surplus of the affiliate or subsidiary whether
15 or not represented by the purchase of capital stock or issuance of other
16 securities; and (ii) all amounts expended in acquiring additional common
17 stock, preferred stock, debt obligations, and other securities, and all
18 contributions to the capital or surplus, of ~~a~~an affiliate or subsidiary subsequent
19 to its acquisition or formation;

20 ...

21 (c) Investments in common stock, preferred stock, debt obligations, or other securities of
22 subsidiaries made pursuant to subsection (b) of this section are not subject to any of the otherwise
23 applicable restrictions or prohibitions contained in this Chapter applicable to such investments
24 of ~~insurers~~insurers except the medium to lower quality obligation limitations under
25 G.S. 58-7-170(d).

26"

27
28 **PART III. CHANGE PEO NOTIFICATION REQUIREMENTS**

29 **SECTION 3.** G.S. 58-89A-110(g) reads as rewritten:

30 "(g) A licensee shall, within 30 days of initiation or termination of the licensee's
31 relationship with any client company, notify its workers' compensation ~~earrier,~~the
32 ~~Commissioner,~~carrier and the North Carolina Industrial Commission of both the initiation and
33 termination of the relationship. If the client company terminates the relationship between the
34 licensee and the client company, the notice required by this subsection shall be given within 10
35 days of the licensee's actual knowledge of the termination."
36

37 **PART IV. UPDATE OTHER LAWS APPLICABLE TO HMOS**

38 **SECTION 4.** G.S. 58-67-171 reads as rewritten:

39 **"§ 58-67-171. Other laws applicable to HMOs.**

40 The following provisions of this Chapter are applicable to HMOs that are subject to this
41 Article are as follows:

- 42 G.S. 58-2-125..... Authority over all insurance companies; no exemptions from
43 license.
- 44 G.S. 58-2-150..... Oath required for compliance with law.
- 45 G.S. 58-2-155..... Investigation of charges.
- 46 G.S. 58-2-160..... Reporting and investigation of insurance and reinsurance fraud and
47 the financial condition of licensees; immunity from liability.
- 48 G.S. 58-2-162..... Embezzlement by insurance agents, brokers, or administrators.
- 49 G.S. 58-2-185..... Record of business kept by companies and agents; Commissioner
50 may inspect.
- 51 G.S. 58-2-190..... Commissioner may require special reports.

- 1 G.S. 58-2-195..... Commissioner may require records, reports, etc., for agencies,
- 2 agents, and others.
- 3 G.S. 58-2-200..... Books and papers required to be exhibited.
- 4 G.S. 58-3-50..... Companies must do business in own name; emblems, insignias,
- 5 etc.
- 6 G.S. 58-3-100(c),(e)..... Insurance company licensing provisions.
- 7 G.S. 58-3-115..... Twisting with respect to insurance policies; penalties.
- 8 G.S. 58-7-21..... Credit allowed a domestic ceding insurer.
- 9 G.S. 58-7-26..... Asset or reduction from liability for reinsurance ceded by a
- 10 domestic insurer to an assuming insurer not meeting the
- 11 requirements of G.S. 58-7-21.
- 12 G.S. 58-7-30..... Insolvent ceding insurer.
- 13 G.S. 58-7-31..... Life and health reinsurance agreements.
- 14 G.S. 58-7-46..... Notification to Commissioner for president or chief executive
- 15 officer changes.
- 16 G.S. 58-7-73..... Dissolution of insurers.
- 17 Part 7 of Article 10..... Annual Financial Reporting.
- 18 G.S. 58-50-35..... Notice of nonpayment of premium required before forfeiture.
- 19 G.S. 58-51-15(a)(2)b..... Accident and health policy provisions.
- 20 G.S. 58-51-17..... Portability for accident and health insurance.
- 21 G.S. 58-51-25..... Policy coverage to continue as to children with an intellectual or
- 22 physical disability or dependent students on medically necessary
- 23 leave of absence.
- 24 G.S. 58-51-35..... Insurers and others to afford coverage to children with an
- 25 intellectual or physical disability.
- 26 G.S. 58-51-45..... Policies to be issued to any person possessing the sickle-cell trait
- 27 or hemoglobin C trait.
- 28 G.S. 58-62..... Life and Health Insurance Guaranty Association."
- 29

PART V. PREPAID HEALTH PLAN LICENSING ACT CLARIFYING CHANGE

SECTION 5. G.S. 58-93-75 reads as rewritten:

"§ 58-93-75. Continuation of health care services.

The Commissioner shall require that each PHP have a plan for handling insolvency. The plan must allow for health care services to be provided to enrollees until the PHP's ~~enrollees whose enrollment in a PHP is not voluntary are enrolled in~~ capitated contract is terminated by DHHS and all enrollees required under G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.

In considering the plan, the Commissioner may require any of the following:

- 38 (1) Insurance to cover the expenses to be paid for enrollee health care services
- 39 after an insolvency.
- 40 (2) Provisions in provider contracts that obligate the provider to provide services
- 41 for the duration of the period after the PHP's insolvency until the PHP's
- 42 ~~enrollees whose enrollment in a PHP is not voluntary are enrolled in~~ capitated
- 43 contract is terminated by DHHS and all enrollees required under
- 44 G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.
- 45 (3) Insolvency reserves.
- 46 (4) Letters of credit acceptable to the Commissioner.
- 47 (5) Any other arrangements to assure that health care services are provided to
- 48 enrollees as specified in this section."
- 49

PART VI. PUBLIC SCHOOL INSURANCE REPORTING CHANGES

SECTION 6.(a) G.S. 115C-523.1 reads as rewritten:

1 **"§ 115C-523.1. Duty to insure public school property.**

2 (a) The local board of education of every local school administrative unit in the public
3 school system of this State, in order to safeguard the investment made in public schools, shall:

4 (1) Insure and keep insured to the extent of not less than eighty percent (80%) of
5 the current insurable value, as determined by the insurer and the insured, of
6 each of its insurable buildings against the perils embraced in broad form
7 coverage to include fire, lightning, windstorm, hail, explosion, aircraft or
8 vehicles, riot or civil commotion, smoke, vandalism, sprinkler leakage,
9 sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet,
10 or water damage.

11 (2) Insure and keep insured adequately the equipment and contents of the
12 building.

13 (3) Provide to the Commissioner of Insurance a list of all of its insurable
14 buildings, the equipment and contents of the buildings, and their insurable
15 values by October 1 of each year.

16 (b) The tax-levying authority for each local school administrative unit shall appropriate
17 funds necessary for compliance with the provisions of subsection (a) of this section.

18 (c) Local boards of education may purchase insurance from companies duly licensed and
19 authorized to sell insurance in this State or may obtain insurance in accordance with the
20 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
21 Education Property." If a local board of education purchases insurance from a company duly
22 licensed and authorized to sell insurance in this State for any insurable building, its equipment,
23 or its contents, the local board of education shall provide the Commissioner with a copy of the
24 policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason,
25 the local board of education shall notify the Commissioner within five days of the effective date
26 of the cancellation, termination, or change.

27 (d) If the Commissioner of Insurance determines that any person has willfully failed to
28 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
29 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
30 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
31 violation."

32 **SECTION 6.(b)** G.S. 115C-523.2 reads as rewritten:

33 **"§ 115C-523.2. Flood insurance.**

34 (a) The local board of education of every local school administrative unit in the public
35 school system of this State, in order to safeguard the investment made in public schools, shall
36 insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable
37 value, as determined by the insurer and the insured, of each of its insurable buildings against
38 flood when that property is located, or becomes located in, an area identified on the latest Flood
39 Insurance Rate Map produced by the Federal Emergency Management Agency as area that will
40 be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded
41 in any given year. The local board of education shall provide to the Commissioner of Insurance
42 a list of all of its insurable buildings against flood and their insurable values by October 1 of each
43 year.

44 (b) The tax-levying authority for each local school administrative unit shall appropriate
45 funds necessary for compliance with the provisions of subsection (a) of this section.

46 (c) Local boards of education may purchase insurance from companies duly licensed and
47 authorized to sell insurance in this State or may obtain insurance in accordance with the
48 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
49 Education Property." If a local board of education purchases insurance from a company duly
50 licensed and authorized to sell insurance in this State for any insurable building against flood,
51 the local board of education shall provide the Commissioner with a copy of the policy of

1 insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the local
2 board of education shall notify the Commissioner within five days of the effective date of the
3 cancellation, termination, or change.

4 (d) If the Commissioner of Insurance determines that any person has willfully failed to
5 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
6 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
7 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
8 violation."

9 **SECTION 6.(c)** G.S. 115D-58.11 reads as rewritten:

10 **"§ 115D-58.11. Fire and casualty insurance on institutional buildings and contents.**

11 (a) The board of trustees of each institution, in order to safeguard the investment in
12 institutional buildings and their contents, shall:

13 (1) Insure and keep insured each building owned by the institution to the extent
14 of not less than eighty percent (80%) of the current insurable value, as
15 determined by the insured and insurer, against loss by the perils embraced in
16 broad form coverage to include fire, lightning, windstorm, hail, explosion,
17 aircraft or vehicles, riot or civil commotion, smoke, vandalism, sprinkler
18 leakage, sinkhole collapse, volcanic action, falling objects, weight of snow,
19 ice or sleet, or water damage to institutional buildings and properties.

20 (2) Insure and keep insured equipment and other contents of all institutional
21 buildings that are the property of the institution or the State or which are used
22 in the operation of the institution.

23 (3) Provide to the Commissioner of Insurance a list of all of its institution's
24 insurable buildings, the equipment and contents of the buildings, and their
25 insurable values by October 1 of each year.

26 (b) The tax-levying authority of each institution shall provide the funds necessary for the
27 purchase of the insurance required in subsection (a) of this section.

28 (c) Boards of trustees may purchase insurance from companies duly licensed and
29 authorized to sell insurance in this State or may obtain insurance in accordance with the
30 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
31 Education Property." If the board of trustees of an institution purchases insurance from a
32 company duly licensed and authorized to sell insurance in this State for any insurable building,
33 its equipment, or its contents, the board of trustees shall provide the Commissioner with a copy
34 of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any
35 reason, the board of trustees shall notify the Commissioner within five days of the effective date
36 of the cancellation, termination, or change.

37 (d) If the Commissioner of Insurance determines that any person has willfully failed to
38 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
39 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
40 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
41 offense violation."

42 **SECTION 6.(d)** G.S. 115D-58.11A reads as rewritten:

43 **"§ 115D-58.11A. Flood insurance.**

44 (a) The board of trustees of each institution, in order to safeguard the investment in
45 institutional buildings and their contents, shall insure and keep insured to the extent of not less
46 than eighty percent (80%) of the current insurable value, as determined by the insurer and the
47 insured, of each of its insurable buildings against flood when that property is located, or becomes
48 located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal
49 Emergency Management Agency as area that will be inundated by the flood event having a one
50 percent (1%) chance of being equaled or exceeded in any given year. The board of trustees of

1 each institution shall provide to the Commissioner of Insurance a list of all of its institution's
2 insurable buildings against flood and their insurable values by October 1 of each year.

3 (b) The tax-levying authority for each institution shall appropriate funds necessary for
4 compliance with the provisions of subsection (a) of this section.

5 (c) The board of trustees may purchase insurance from companies duly licensed and
6 authorized to sell insurance in this State or may obtain insurance in accordance with the
7 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
8 Education Property." If the board of trustees of an institution purchases insurance from a
9 company duly licensed and authorized to sell insurance in this State for any insurable building
10 against flood, the board of trustees shall provide the Commissioner with a copy of the policy of
11 insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the board
12 of trustees shall notify the Commissioner within five days of the effective date of the cancellation,
13 termination, or change.

14 (d) If the Commissioner of Insurance determines that any person has willfully failed to
15 comply with the provisions of subsections ~~(a)~~(a), ~~(b)~~, and ~~(b)~~(c) of this section, the
16 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
17 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
18 violation."
19

20 PART VII. NORTH CAROLINA MANUFACTURED HOUSING BOARD CHANGES

21 SECTION 7.(a) G.S. 143-143.9 reads as rewritten:

22 "§ 143-143.9. Definitions.

23 The following definitions apply in this Part:

24 ...

25 (3) Code. – Engineering standards entitled State of North Carolina Regulations
26 for Manufactured Homes adopted by the Commissioner.

27 ...

28 (10a) Qualifier. – An individual taking the examination on behalf of a set-up
29 contractor applicant, who is associated with the applicant and is actively
30 engaged in the work of the applicant.

31"

32 SECTION 7.(b) G.S. 143-143.15(a) reads as rewritten:

33 "(a) Manufactured homes shall be set up in accordance with the standards entitled State
34 of North Carolina Regulations for Manufactured Homes adopted by the Commissioner."

35 SECTION 7.(c) G.S. 143-143.21A(a)(5) is repealed.

36 SECTION 7.(d) G.S. 143-151(a) reads as rewritten:

37 "(a) Any person who is found by the Commissioner to have violated the provisions of the
38 Act, this Article, or any rules adopted under this Article, shall be liable for a civil penalty not to
39 exceed ~~one thousand dollars (\$1,000)~~ the amount set by 24 C.F.R. § 3282.10 for each violation.
40 Each violation shall constitute a separate violation for each manufactured home or for each failure
41 or refusal to allow or perform an act required by the Act, this Article, or any rules adopted under
42 this Article. The maximum civil penalty may not exceed ~~one million dollars (\$1,000,000)~~ the
43 amount set by 24 C.F.R. § 3282.10 for any related series of violations occurring within one year
44 after the date of the first violation. In determining the amount of the penalty, the Commissioner
45 shall consider the degree and extent of harm caused by the violation, the amount of money that
46 inured to the benefit of the violator as a result of the violation, whether the violation was willful,
47 and the prior record of the violator in complying or failing to comply with laws, rules, or orders
48 applicable to the violator. The clear proceeds of civil penalties provided for in this section shall
49 be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."
50

**PART VIII. LONG-TERM CARE INSURANCE TECHNICAL CHANGE UPDATING
PHONE NUMBER**

SECTION 8. G.S. 58-55-60(7) reads as rewritten:

"(7) A qualified policy issued, executed, and delivered in North Carolina shall be accompanied by a Partnership Disclosure Notice explaining the benefits associated with a qualified policy and indicating that at the time issued, the policy is a qualified long-term care insurance partnership policy in North Carolina. The Partnership Disclosure Notice shall also include a statement indicating that by purchasing this partnership policy, the insured does not automatically qualify for Medicaid. Notices providing additional information may be used in conjunction with the Partnership Disclosure Notice described in this section if filed and approved by the Commissioner. The Notice shall state the following in at least 12-point font:

"Partnership Policy Status: Your long-term care insurance policy is intended to qualify as a Partnership Policy under the North Carolina Long-Term Care Partnership Program as of your policy's effective date. For Medicaid applicants applying for help with the cost of long-term care, this means that an amount of your resources equal to the dollar amount of long-term care insurance benefits paid to you or on your behalf under this policy may be disregarded for purposes of determining your eligibility for long-term care Medicaid and from any subsequent recovery by the State from your estate for payment of Medicaid paid services. The amount that may be disregarded at eligibility will be equal to the amount of the long-term care partnership benefits paid out prior to the time you apply for long-term care Medicaid. As a result, you may qualify for coverage of the cost of your long-term care needs under Medicaid without first being required to substantially exhaust your personal resources. The amount that may be protected from recovery by the State from your estate will be equal to the amount disregarded for purposes of eligibility for long-term care Medicaid. If you are already a recipient of long-term care Medicaid, this policy will not allow a resource disregard or estate recovery resource protection. The purchase of a Partnership Policy does not automatically qualify you for Medicaid.

Please note that this policy may lose long-term care partnership program status if you move to a different state that does not recognize North Carolina's Long-Term Care Partnership Program or you modify this policy after issuance. This policy may also lose long-term care partnership program status due to changes in federal or state laws.

If you have questions regarding long-term care insurance and the North Carolina Long-Term Care Partnership Program, you may contact the Seniors' Health Insurance Information Program of the Department of Insurance at 1-800-443-9354 or 1-855-408-1212."

In the case of a group insurance contract, this Partnership Disclosure Notice shall be provided to the insured upon the issuance of the certificate. The insurer shall include in that Notice that the amount of the insured's resources that may be disregarded at eligibility will be equal to the amount of qualified long-term care partnership policy benefits paid prior to the time the insured applied for long-term care Medicaid. The insurer shall also include in the notice a warning to the insured that the policy may lose long-term care partnership program status if the insured moves to another state that does not recognize North Carolina's Long-Term Care Partnership Program, or if the policy is modified after issuance."

PART IX. CLARIFY EXCEPTION TO UNAUTHORIZED INSURER PROHIBITION**SECTION 9.** G.S. 58-28-5(a) reads as rewritten:

"(a) Except as otherwise provided in this section, it is unlawful for any company to enter into a contract of insurance as an insurer or to transact insurance business in this State as set forth in G.S. 58-28-13 without a license issued by the Commissioner. This section does not apply to the following acts or transactions:

...

- (4) Transactions in this State involving group life insurance, group annuities, or group, blanket, or franchise accident and health insurance where the master policy for the insurance was lawfully issued and delivered in a state in which the company was authorized to transact ~~business~~business, unless the company has had its license to conduct business in this State suspended or revoked.

...."

PART X. AMEND STATE OF DISASTER PROVISIONS**SECTION 10.** G.S. 58-2-46 reads as rewritten:

"§ 58-2-46. State of disaster automatic stay of proof of loss requirements; premium and debt deferrals; loss adjustments for separate windstorm policies.~~deferrals.~~

(a) Whenever (i) a state of disaster is proclaimed for the State or for an area within the State under G.S. 166A-19.21 or whenever the President of the United States has issued a major disaster declaration for the State or for an area within the State under the Stafford Act, 42 U.S.C. § 5121, et seq., as amended and (ii) if the Commissioner has issued an order declaring ~~subdivisions (1) through (4) of this section~~ effective for the specific disaster:

- (1) Proof of loss stayed. – The application of any provision in an insurance policy insuring real property and its contents that are located within the ~~geographic area~~ designated area in the proclamation or declaration, which provision requires an insured to file a proof of loss within a certain period of time after the occurrence of the loss, shall be stayed for the time period not exceeding the earlier of (i) the expiration of the disaster proclamation or declaration and all renewals of the proclamation or (ii) the expiration of the Commissioner's order declaring ~~subdivisions (1) through (4) of this section~~ effective for the specific ~~disaster, as determined by the Commissioner.~~disaster.
- (2) Deferral of premium. – As used in this subdivision, "insurance company" includes a service corporation, HMO, MEWA, surplus lines insurer, and the underwriting associations under Articles 45 and 46 of this Chapter. ~~All~~Except as provided in subsection (c) of this section, insurance companies, premium finance companies, collection agencies, and other persons subject to this Chapter shall give their customers who reside within the ~~geographic area~~ designated area in the proclamation or declaration the option of deferring premium or debt payments that are due during the earlier of (i) ~~the time period covered by the proclamation or declaration or (ii) the time period covered by the proclamation or declaration~~ or (ii) the time period covered by the proclamation or declaration or (ii) the time period prior to the expiration of the Commissioner's order declaring ~~subdivisions (1) through (4) of this section~~ effective for the specific ~~disaster, as determined by the Commissioner.~~disaster. This deferral period shall be 30 days from the last day the premium or debt payment may be made under the terms of the policy or contract. This deferral period shall also ~~apply to any statute, rule, or other policy or contract provision that imposes a time limit~~ serve to defer any time limits imposed on an insurer, insured, claimant, or customer to perform any act during the time

1 period covered by the proclamation or ~~declaration, including~~ declaration as
2 may be required by any statute, rule, or other policy or contract provision and
3 does not require a request to defer. Included in the deferral of time limits is
4 the transmittal of information, information and communications, with respect
5 to insurance policies or contracts, premium finance agreements, or debt
6 instruments when the insurer, insured, claimant, or customer resides or is
7 located in the geographic area designated area in the proclamation or
8 declaration. Likewise, the deferral period shall apply to any time limitations
9 imposed on insurers under the terms of a policy or contract or provisions of
10 law related to individuals who reside within the geographic area designated
11 area in the proclamation or declaration. Likewise, the deferral period shall
12 apply to any time limitations imposed on insurers under the terms of a policy
13 or contract or provisions of law related to individuals who reside within the
14 geographic area designated in the proclamation or declaration.—The
15 Commissioner may extend any deferral period in this subdivision, depending
16 on the nature and severity of the proclaimed or declared disaster. No additional
17 rate or contract filing shall be necessary to effect any deferral period.

18 (3) Health benefit plans. — With respect to health benefit plans, after a deferral
19 period has expired, all premiums in arrears shall be payable to the insurer. If
20 premiums in arrears are not paid, coverage shall lapse as of the date premiums
21 were paid up, and preexisting conditions shall apply as permitted under this
22 Chapter; and the insured shall be responsible for all medical expenses incurred
23 since the effective date of the lapse in coverage.

24 (4) Repealed by Session Laws 2014-115, s. 39.2, effective August 11, 2014.

25 (5) Collection agencies. — Except as provided in subsection (c) of this section,
26 collection agencies, as defined in Article 70 of this Chapter, shall discontinue
27 attempts to collect debt against their customers who reside within the
28 designated area in the proclamation or declaration during the deferral period.

29 (b) In addition to the requirements set forth in subdivisions (a)(1) and (a)(2) of this
30 section, the following shall apply to:

31 (1) Property and casualty insurance. — With respect to property and casualty
32 insurance companies and insurance policies that insure customers or
33 policyholders who reside in the designated area in the proclamation or
34 declaration described in subsection (a) of this section and who have been
35 displaced from their residences, the following provisions shall apply:

36 a. After a deferral period has expired, all premium payments in arrears
37 under a property and casualty insurance policy or contract shall be due
38 and payable to the insurance company. If the premium payments in
39 arrears are not paid, the insurance company may cancel the insurance
40 policy or contract on or after the fifteenth day following the expiration
41 of the deferral period. All cancellation notice requirements are still
42 applicable under this section.

43 b. All property and casualty insurance policies or contracts with a
44 properly noticed cancellation for nonpayment effective on or prior to
45 the date the Commissioner has issued an order under this section may
46 be cancelled and such cancellations shall remain valid and effective.
47 All cancellations for nonpayment of insurance policies or contracts
48 scheduled to be effective after the deferral period has commenced
49 must be deferred until the deferral period has expired. If necessary to
50 comply with statute, a cancellation deferred under this subsection must
51 be properly noticed again with an effective date after the expiration of

1 the deferral period. Cancellations for cause that have been properly
2 noticed, including cancellations for material misrepresentation or
3 ineligible risk, may continue to be processed during the deferral
4 period.

5 c. All property and casualty insurance policies or contracts with a
6 nonrenewal effective date on or prior to the date the Commissioner has
7 issued an order under this section may be processed. All property and
8 casualty insurance policies or contracts with a properly noticed
9 nonrenewal effective after the commencement of the deferred period
10 shall be deferred until the expiration of the deferral period. A
11 nonrenewal deferred under this subsection shall be properly noticed
12 again with an effective date after the expiration of the deferral period.

13 d. This subsection shall not apply to property and casualty insurance
14 policies or contracts entered into on or after the date the Commissioner
15 has issued an order declaring this section effective for the specific
16 disaster.

17 (2) Premium finance companies. – With respect to premium finance companies
18 and premium finance agreements that have financed property and casualty
19 insurance policies for customers or policyholders who reside in the designated
20 area in the proclamation or declaration and who have been displaced from
21 their residences, the following provisions shall apply:

22 a. After a deferral period has expired, all payments in arrears under a
23 premium finance agreement shall be due and payable to the premium
24 finance company. If the payments in arrears are not paid, the premium
25 finance company may cancel the premium finance agreement on or
26 after the fifteenth day following the expiration of the deferred period.
27 All cancellation notice requirements are still applicable under this
28 section.

29 b. All property and casualty insurance policies or contracts that were
30 financed by an insurance premium finance company with a properly
31 noticed cancellation for nonpayment effective on or prior to the date
32 the Commissioner has issued an order under this section may be
33 cancelled and such cancellations shall remain valid and effective.

34 c. This section shall not apply to premium finance agreements entered
35 into on or after the date the Commissioner has issued an order
36 declaring this section effective for the specific disaster.

37 (c) If the proclamation or declaration is the result of a public health emergency as
38 determined by the Secretary of the U.S. Department of Health and Human Services pursuant to
39 42 U.S.C. § 247d, or other situations where the Governor has, by executive order, ordered all
40 individuals in North Carolina to stay at home or at their place of residence, the following
41 provisions shall apply:

42 (1) Property and casualty insurance companies and premium finance companies.
43 – Property and casualty insurance companies and premium finance companies
44 subject to this Chapter shall give notice to their customers or policyholders
45 who reside within the designated area in the proclamation or declaration of
46 the option of deferring premium payments that are due during the time period
47 covered by the Commissioner's order declaring this section effective for a
48 specific public health emergency or situation that may require the citizens of
49 North Carolina to shelter in place. The deferral period shall be 30 days from
50 the last day the premium or debt payment may be made under the terms of the
51 policy or contract or premium finance agreement.

- 1 a. When providing notice to customers or policyholders of the option to
2 defer premium payments, property and casualty insurance companies
3 and premium finance companies shall do all of the following:
4 1. Advise their customers or policyholders of their right to defer
5 their premium and provide the steps required to defer their
6 premium.
7 2. Allow for deferral requests from customers or policyholders to
8 be communicated verbally or by electronic means. Written
9 requests for deferral shall not be required.
10 b. After required notification is provided, nonpayment will result in a
11 cancellation to be effective on or after the fifteenth day following the
12 expiration of the deferral period.
13 c. After a deferral period has expired, all premium payments in arrears
14 under a property and casualty insurance policy or premium finance
15 agreement shall be due and payable to the insurance company or
16 premium finance company. If the premium payments in arrears are not
17 paid, the property and casualty insurance company or premium finance
18 company may cancel the insurance policies or premium finance
19 agreements that were financed on or after the fifteenth day following
20 the expiration of the deferral period. All cancellation notice
21 requirements are still applicable under this section.
22 d. This section shall not apply to property and casualty insurance policies
23 or contracts entered into on or after the date the Commissioner has
24 issued an order under this section.
25 (2) Policy nonrenewals and cancellations not prohibited. – Nothing in this
26 subsection prohibits property and casualty insurance companies from not
27 renewing or cancelling a policy during a public health emergency or situation
28 that may require all individuals in North Carolina to stay at home.
29 (3) Collection agencies. – Collection agencies, as defined in Article 70 of this
30 Chapter, shall discontinue attempts to collect debt against their customers who
31 reside within the designated area in the proclamation or declaration during the
32 deferral period when the customer notifies the collection agency that he or she
33 is experiencing significant financial hardship related to the public health
34 emergency or stay at home order.
35 (4) Deferral period limited in applicability. – For a public health emergency or
36 situation that may require all individuals in North Carolina to stay at home,
37 the deferral period shall not apply to time limitations imposed by any statute,
38 rule, or other policy or contract provision or to the transmittal of information
39 or communications related to insurance policies, premium finance
40 agreements, or debt instruments, except as specifically provided for in this
41 subsection.
42 (5) Exclusions. – This subsection shall not apply to situations that involve enemy
43 attack, invasion, insurrection, riot, rebellion, revolution, civil war or
44 commotion, or military or usurped power.
45 (d) The Commissioner may extend any deferral period in this section, depending on the
46 nature and severity of the proclaimed or declared disaster or event. No additional rate or contract
47 filing shall be necessary to effect any deferral period."

49 PART XI. EXPANSION OF PROGRAM ENHANCEMENTS

50 SECTION 11. G.S. 58-36-43(a) reads as rewritten:

1 "(a) Member companies writing private passenger ~~automobile or homeowners'~~
2 automobile, homeowners', dwelling, or residential private flood insurance under this Article may
3 incorporate optional enhancements to their ~~automobile and homeowners'~~ automobile,
4 homeowners', dwelling, and residential private flood programs as an endorsement to an
5 ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private flood
6 policy issued under this Article if the insurer has filed the proposed enhancement with the
7 Commissioner and if the proposed enhancement is approved by the Commissioner. Any
8 approved optional enhancements shall be considered outside the authority of the Rate Bureau. If
9 the proposed enhancement will include an additional premium charge, the proposed premium
10 charge shall be included with the proposed program enhancements filed with the Commissioner.
11 The Commissioner shall review the proposed premium charges and approve them if the
12 Commissioner finds that they are based on sound actuarial principles. Amendments to private
13 passenger ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private
14 flood program enhancements are subject to the same requirements as initial filings. Neither the
15 acceptance, renewal of a policy, nor any underwriting rating criteria shall be conditioned by a
16 company upon the acceptance by the policyholder of any optional ~~automobile or homeowners'~~
17 automobile, homeowners', dwelling, or residential private flood enhancements. A rate
18 amendment authorized by this section is not a rate deviation and is not subject to the requirements
19 for rate deviations set forth in G.S. 58-36-30(a)."
20

21 **PART XII. TRAVEL INSURANCE EXCLUSIONS NOTICE**

22 **SECTION 12.** G.S. 58-44B-15 reads as rewritten:

23 **"§ 58-44B-15. Travel protection plans.**

24 Travel protection plans may be offered for one price for the combined permitted features as
25 defined in G.S. 58-44B-5 if the plan meets ~~all of~~ the following requirements:

- 26 (1) The travel protection plan clearly discloses to the consumer at or prior to the
27 time of purchase that it includes travel insurance, travel assistance services,
28 and cancellation fee waivers as applicable, and provides information and an
29 opportunity at or prior to the time of purchase for the consumer to obtain
30 additional information regarding the features and pricing of each.
- 31 (2) The fulfillment ~~materials:~~ materials shall do all of the following:
 - 32 a. Describe and delineate the travel insurance, travel assistance services,
33 and cancellation fee waivers in the travel protection plan.
 - 34 b. Include the travel insurance disclosures and the contact information
35 for persons providing travel assistance services and cancellation fee
36 waivers, as applicable.
 - 37 c. Comply with the provisions of G.S. 58-44B-20(c)(2).
 - 38 d. Advise the policyholder to read the policy, certificate of insurance, and
39 other documents to be informed of the plan's terms, conditions, and
40 coverage and assistance details.
 - 41 e. Provide contact information for the company."

43 **PART XIII. EFFECTIVE DATE**

44 **SECTION 13.** This act is effective when it becomes law.