

March 29, 1999

S 594. INSURANCE CHANGES. TO CLARIFY THE LAWS ON TITLE INSURANCE RATE-MAKING, COMMERCIAL GENERAL LIABILITY POLICY EXTENDED REPORTING, AND INSURANCE FRAUD; TO MAKE A TECHNICAL CORRECTION IN THE LITTERING LAW; AND TO PROVIDE FOR UNIFORM APPLICATION OF NEW LAWS TO HEALTH BENEFIT PLAN.

Amends GS 58-41-10(a) to provide that the provisions of art. 26 (real estate title insurance) are not subject to the Insurance Regulatory Reform Act (art. 41). Amends GS 58-40-140(a) to provide that in the case of a commercial general liability coverage or professional liability coverage insurance, if the insured elects to purchase extended reporting coverage, the limit of liability for the extended period shall be 100% of the expiring policy aggregate that was in effect at the inception of the policy. Makes GS 58-2-161 (concerning insurance fraud) applicable to a wide variety of insurance providers including the following: (a) hull insurance and protection and indemnity clubs; (b) surplus lines insurers; (c) risk retention or purchasing groups; ((d) local government risk pools; (e) risk sharing plans; (f) the NC Insurance Underwriting Ass'n; (g) NC Joint Insurance Underwriting Ass'n; (h) NC Insurance Guaranty Ass'n; (i) multiple employer welfare arrangements; (j) NC Life and Health Insurance Guaranty Ass'n; (k) a service corporation; (l) a health maintenance organization; (m) the Teachers' and State Employees' Comprehensive Major Medical Plan; and (n) any reinsurer.

Adds definition of "health benefit plan" to include an accident and health insurance policy; a nonprofit hospital or medical service corporation contract; a health maintenance organization subscriber contract; a plan provided by a multiple employer welfare arrangement; or a plan provided by another benefit arrangement. It excludes a plan administered by the NC or US Dept. of Health and Human Services or its representatives. It also excludes the following kinds of insurance: (a) accident; (b) credit; (c) disability income; (d) long-term or nursing home care; (e) Medicare supplement; (f) specified disease; (g) dental or vision; (h) coverage supplementing liability insurance; (i) workers' compensation; (j) medical p-payments under automobile or homeowners' insurance; (k) hospital income or indemnify; and (l) insurance under which benefits are payable with or without regard to fault, required to be contained in any liability policy or equivalent self-insurance. Defines "insurer" to include an insurance company, a service corporation, a health maintenance organization, and a multiple employer welfare arrangement.

Adds new GS 58-3-167(b) to provide the renewal of a health benefit plan is presumed to occur on each anniversary of the date on which coverage was first effective on the person or persons covered by the health benefit plan.

Effective Oct. 1, 1999.

Intro. by Miller.

Ref. to Insurance

GS 58

April 22, 1999

S 594. MISCELLANEOUS INS. CHANGES. Intro. 3/29/99. Senate committee substitute makes the following changes to 1st edition. Amends GS 58-2-161(a) to include in extended reporting requirements (1) a group of employers self-insuring their workers' compensation liabilities, (2) an employer self-insuring its workers' compensation liabilities, and (3) the NC Self-Insurance Guaranty Association. Adds new sections and amends title accordingly. Act now titled AN ACT TO CLARIFY THE LAWS ON TITLE INSURANCE RATE MAKING, COMMERCIAL GENERAL LIABILITY POLICY EXTENDED REPORTING, AND INSURANCE FRAUD; TO MAKE A TECHNICAL CORRECTION IN THE LITTERING LAW; TO PROVIDE FOR UNIFORM APPLICATION OF NEW LAWS TO HEALTH BENEFIT PLANS; TO AMEND THE LAW GOVERNING CEASE AND DESIST ORDERS FOR UNAUTHORIZED INSURERS, TO ALLOW LICENSING OF A FOREIGN OR ALIEN INSURER TO BE DELAYED UNDER CERTAIN CIRCUMSTANCES, TO AMEND THE LAW GOVERNING AN INSURER'S ACKNOWLEDGEMENT OF A CLAIM, AND TO PROVIDE THAT POLICIES WRITTEN BY SURETY BONDSMEN ARE SUBJECT TO THE LAW GOVERNING THE USE OF DEPOSITS FOR UNPAID LIABILITIES. Amends GS 58-28-20 to allow Commissioner to issue a cease and desist order before notice and hearing when there is evidence that policyholders, creditors or the public may be irreparably harmed by delay. Amends GS 58-16-6 to allow Commissioner to delay

the licensing of a foreign or alien insurance company if, in opinion of Commissioner, the operation of the company in the state would be hazardous to prospective policyholders, creditors or the general public. Amends GS 58-5-63 to provide that policies written by surety bondsman are subject to laws governing use of deposits. Amends GS 58-3-100(c) to provide that Commissioner may impose civil penalty upon an HMO, service corporation, or an MEWA for failure to acknowledge a notice of claim, and to clarify that, for purposes of required acknowledgments, a claimant includes an insured, a health care provider, or a health care facility that is responsible for making a claim.

June 22, 1999

S 594. MISCELLANEOUS INS. CHANGES. Intro. 3/29/99. House committee substitute makes the following changes to 2nd edition. Adds to title of bill the following: "TO DELAY THE EFFECTIVE DATE FOR THE REGULATION OF THIRD-PARTY ADMINISTRATORS FOR SELF-INSURED WORKERS' COMPENSATION; TO AMEND THE LAW ON COVERAGE FOR NONFORMULARY DRUGS; AND TO MAKE VARIOUS TECHNICAL CHANGES." Excludes from the definition of "health benefit plan" in new GS 58-3-167 (applicability of acts of the General Assembly to health benefit plans) short-term limited duration health insurance policies as defined in Part 144 of Title 45 of the Code of Federal Regulations. Provides that that definition applies whenever the General Assembly enacts a law that applies to a health benefit plan unless the law provides a different definition or provides expressly that the definition does not apply. Adds as a condition in GS 58-16-5 for a foreign or alien insurance company to be admitted and authorized to do business that it satisfy the Commissioner that the operation of the company would not be hazardous to prospective policyholders, creditors, or the general public.

Rewrites section 58(b) of SL 1998-217 to delay from January 1, 2000 to January 1, 2002, the effective date for the regulation of third-party administrators for self-insured Workers' Compensation.

Rewrites GS 58-3-221, as enacted by SL 1999-178, to (1) add definition of "closed formulary" as a list of prescription drugs and devices reimbursed by the insurer that excludes coverage for drugs and devices not listed and (2) provide that nothing in the section requires an insurer to pay for drugs or devices or classes of drugs or devices related to a benefit that is specifically excluded from coverage by the insurer. Makes various technical changes.