

March 1, 2001

H 353. WORKERS' COMP. CANCELLATIONS AND RENEWALS. TO PROVIDE FOR GUIDELINES, RIGHTS, AND OBLIGATIONS IN WORKERS' COMPENSATION INSURANCE POLICY CANCELLATIONS AND NONRENEWALS. Adds new GS 58-36-105, prohibiting workers' compensation insurance policy cancellations except for one of the following reasons: (1) nonpayment of premium, (2) material misrepresentations or nondisclosures of material facts in policy transactions, (3) material changes in risk that could not have been contemplated by the parties, (4) substantial breach of contractual duties, conditions, or warranties materially affecting insurability, (5) an insured's fraudulent act that materially affects insurability, (6) an insured's willful failure to take reasonable loss control measures that materially affect insurability, (7) loss of facultative reinsurance or substantial changes in applicable reinsurance, (8) an insured's conviction of a crime arising out of acts that materially affect insurability, (9) a determination by the Comm'r of Insurance that continuation of the policy would violate state law, or (10) the insured's failure to meet requirements in the insurer's corporate charter, articles of incorporation, or bylaws, when the insurer is a company organized for the sole purpose of providing members of an organization with insurance coverage in NC. Requires 15 days advance written notice of permitted cancellations. Adds new GS 58-36-110, requiring insurers to give 45 days advance written notice of a refusal to renew a policy and 30 days advance written notice of reductions in coverage limits or increases in deductibles or premiums. Effective Oct. 1, 2001.

Intro. by Dockham and Hurley.

Ref. to Insurance	GS 58, 97
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