

March 6, 2003

**H 276. INSURANCE FINANCIAL AMENDMENTS OMNIBUS. TO MAKE SUBSTANTIVE AND TECHNICAL AMENDMENTS IN THE LAWS CONCERNING INSURANCE COMPANY SOLVENCY.** Amends various provisions of GS Chap. 58 by modifying the solvency requirements applicable to certain insurance companies.

General Insurance Provisions. Increases the amount of security deposits required for foreign or alien fire and/or marine companies to \$100,000 (now, \$25,000); for foreign or alien fidelity, surety and casualty insurance companies to \$200,000 (now, \$50,000); and for foreign life insurance companies to \$400,000 (now, \$100,000), plus an additional \$200,000 (now, \$100,000) where company has less than three years of operational gains.

Domestic Insurers. Amends Art. 7 applicable to general domestic insurers by changing those assets that may be included in determining the financial condition of an insurer as follows: (a) deletes the itemization of investments, securities, properties and loans counted as assets set forth in GS 58-7-162(2); (b) repeals GS 58-7-162(5) and (7) and 58-7-195; (c) deletes the \$25,000 threshold for including computer systems; (d) amends GS 58-7-163 to delete goodwill and trade names, furniture, fixtures, equipment and supplies, prepaid and deferred expenses and evidences of indebtedness as assets which may not be included; (e) deletes provisions in GS 58-7-192(a) through (c) and 58-7-192(e) concerning valuation of securities and GS 58-7-193 concerning valuation of property.

Mutual Insurers. Amends Art. 8 applicable to mutual insurance companies as follows: (a) amends GS 58-8-15 to provide that no more than one-half (now, one-half) of a company's director shall be elected by holders of guaranty capital and that only policyholders owning guaranty capital shall be entitled to one vote for each policy or unit owned; (b) limits the issuance of guaranty capital to situations where a domestic mutual insurance company is faced with rehabilitation or liquidation or where the Comm'r of Insurance approves the issuance and requires that written notice of issuance must be provided to policyholders under certain circumstances; (c) clarifies that guaranty capital holders who are not policyholders may not vote under subsection 58-8-20(a1) or (e); (d) deletes provisions concerning distribution of guaranty capital to stockholders in the event of merger or demutualization or if the company ceases to exist and replaces them with provision requiring that such distributions be made in accordance with the filing approved by the Comm'r.

HMOs. Amends Art. 67 applicable to health maintenance organizations by repealing 58-67-40 concerning reserve requirements and amending GS 58-67-110 to provide that as an alternative to meeting the \$1 million net worth requirement (single service HMOs \$50,000), HMOs may also maintain a net worth as required by the risk-based capital provisions of Art. 12. Deletes requirement in 58-67-110(e) requiring that HMOs maintain an insolvency plan.  
Effective Oct. 1, 2003.

**Intro. by Setzer.**

Ref. to Insurance	GS 58
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April 14, 2003

**H 276. INSURANCE FINANCIAL AMENDMENTS OMNIBUS.** Intro. 3/6/03. House committee substitute makes the following changes to 1st edition. HMOs. Reinstates provision in GS 58-67-110(e) that HMO's maintain an insolvency plan. Workers' Compensation. Amends GS 97-170(a) to specify that restriction on self-insurance does not apply to employers authorized to self-insure prior to Dec. 1, 1997, whose authority has not terminated after that date. Perpetual licenses. Amends sections of GS Ch. 58 to replace annual licensing with perpetual licenses for insurance companies, fraternal benefit societies, title insurance companies, medical service corporations, and HMOs. Companies are required to pay annual fees and Comm'r may revoke or suspend for failure of company to abide by laws of the state. Licensing changes are effective Jan. 1, 2004, and apply to all company licenses issued or eligible for renewal or continuation after that date.

May 28, 2003

**H 276. INSURANCE FINANCIAL AMENDMENTS OMNIBUS.** Intro. 3/6/03. Senate committee substitute makes the following changes to 2nd edition. Adds new GS 58-31-66 prohibiting officers and employees of state and local governments from requiring construction contract bidders to

obtain surety bonds from specifically designated sureties agents, producers or brokers. Effective date of this proposed new section is Oct. 1, 2003.