

March 2, 2005

S 277. INSURANCE FUNDS. *TO APPROPRIATE FUNDS TO THE DEPARTMENT OF INSURANCE TO STUDY AND IMPLEMENT RULES FOR SELF-INSURERS TO ADDRESS THOSE ORGANIZATIONS EXEMPTED UNDER FEDERAL LAW.* Blank bill.

Intro. by Dalton.

Ref. to Appropriations

APPROP

May 31, 2005

S 277. MOTOR VEHICLE SELF-INSURERS (NEW). Intro. 3/2/05. Senate committee substitute makes the following changes to 1st edition. Changes title to *AN ACT TO AUTHORIZE THE ISSUANCE OF A CERTIFICATE OF MOTOR VEHICLE SELF-INSURANCE FOR CERTAIN GROUPS TO ADDRESS THOSE ORGANIZATIONS EXEMPTED UNDER FEDERAL LAW.*

Deletes appropriation provisions in original bill. Amends GS 20-279.33 (self-insurers) as new title indicates. Allows any organized group that has been in existence since January 1, 1970, to qualify as a self-insurer if conditions set forth in act are met. Conditions include that the group operate five or more registered vehicles, the group members believe in helping other members of the group meet their financial obligations, group is financially solvent and has met all insurance obligations for past five years, group has no unsatisfied judgments arising from operation or use of a motor vehicle, and each member has waived federal social security rights and benefits. Allows Commissioner to cancel the certificate at any time upon 30 days notice whenever there is reason to believe the group is no longer qualified under provisions of act. Effective July 1, 2005.

June 28, 2006

S 277. MOTOR VEHICLE SELF-INSURERS. Filed 5/31/05. House committee substitute changes title of 2nd edition to *AN ACT TO PROVIDE FOR A VOLUNTARY MEDIATION PROGRAM FOR RESIDENTIAL PROPERTY INSURANCE CLAIMS CAUSED BY DISASTERS, TO REQUIRE SELLERS OF PROPERTY INSURANCE TO DISCLOSE MAJOR PERILS THAT ARE NOT COVERED, TO PROVIDE FOR THE TOLLING OF TIME PERIODS IN PROPERTY INSURANCE POLICIES IN DISASTER SITUATIONS, TO PROVIDE FOR THE TOLLING OF TIME PERIODS IF THE OPERATIONS OF THE DEPARTMENT OF INSURANCE ARE INTERRUPTED BY FORCE MAJEURE, AND TO AUTHORIZE MOTOR VEHICLE SELF-INSURANCE FOR CERTAIN RELIGIOUS ORGANIZATIONS.* Enacts new Part 2 of Article 44 of GS Chapter 58 ("mediation of emergency or disaster-related property insurance claims") as title indicates, effective January 1, 2007. GS 58-44-70 provides that the voluntary mediation procedure is available to all first-party claimants who have insurance claims resulting from damage to residential property resulting from a proclaimed disaster, but does not apply to commercial or motor vehicle insurance or to liability coverage provided by a property insurance policy. GS 58-44-75 defines "disputed claims" subject to the mediation procedure as any matter where the insurer has denied all or part of the payment and at least \$1,500 is in dispute (unless the parties agree to mediate a lesser amount). GS 58-44-80 requires that insurers notify insureds of the mediation option within five days of notifying the insured of a dispute regarding the insured's claim, or at the same time the insurer issues a notice denying the insured's claim, but the insurer is not required to send a notice of mediation if the claim is not paid because it is less than the insured's deductible. Also lists requirements for the form of the notice. GS 58-44-85 outlines the procedures for the insured to request mediation and the information that must be included in that request. GS 58-44-90 requires that the insurer pay the fees of the mediator and the administrator from the Department of Insurance (DOI) that selects the mediator and schedules the mediation. GS 58-44-95 sets out qualifications of mediators. GS 58-44-100 and GS 58-44-105 establish rules for the conduct of the mediation and for resolution of mediated claims, including the Insurance Commissioner's review of an insured's rescission of a settlement agreement. GS 58-44-120 provides that the provisions of new Part 2 govern in the event of any conflict with GS Chapter 150B (the NC Administrative Procedure Act).

Enacts new GS 58-44-60 as title indicates, to require that all property insurers that sell policies that exclude coverage for flood, earthquake, mudslide, mudflow, or landslide print those exclusions on the policy in 16-point font on a separate page immediately before the declarations

page. Specifies language to be printed. Enacts new GS 58-2-46 to automatically stay proof of loss deadlines set forth in a real property insurance policy during the existence of the disaster declaration. Provision also requires that certain listed insurers also give their customers who reside within the area included in the disaster declaration the option of deferring premium or debt payments due during the declaration period. Enacts new GS 58-2-47 to authorize the Commissioner of Insurance to order the stay of any deadlines and deemer provisions imposed on the DOI or the Commissioner or persons subject to the Commissioner's jurisdiction for up to 30 days following an event that substantially affects the daily business operations of the DOI.

Deletes proposed GS 20-279.33(d) (authorizing the issuance of vehicle self-insurance for certain groups) and replaces it with proposed GS 20-279.33A, effective January 1, 2007, which authorizes the issuance of self-insurance by certain religious groups. Incorporates the same criteria for issuance of insurance as was established in proposed GS 20-279.33(d), except deletes requirement that group members voluntarily forfeit certain social security benefits. Also requires that the group issuing insurance under section notify the Commissioner if a person is not longer a member of group.

July 21, 2006

SL 2006-145 (S 277). MOTOR VEHICLE SELF-INSURERS. AN ACT TO PROVIDE FOR A VOLUNTARY MEDIATION PROGRAM FOR RESIDENTIAL PROPERTY INSURANCE CLAIMS CAUSED BY DISASTERS, TO REQUIRE SELLERS OF PROPERTY INSURANCE TO DISCLOSE MAJOR PERILS THAT ARE NOT COVERED, TO PROVIDE FOR THE TOLLING OF TIME PERIODS IN PROPERTY INSURANCE POLICIES IN DISASTER SITUATIONS, TO PROVIDE FOR THE TOLLING OF TIME PERIODS IF THE OPERATIONS OF THE DEPARTMENT OF INSURANCE ARE INTERRUPTED BY FORCE MAJEURE, AND TO AUTHORIZE MOTOR VEHICLE SELF-INSURANCE FOR CERTAIN RELIGIOUS ORGANIZATIONS. Summarized in *Daily Bulletin* 5/31/05 and 6/28/06. Enacted July 19, 2006. Sections 2 and 5 are effective January 1, 2007. The remainder is effective July 19, 2006.