

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 780
Commerce Committee Substitute Adopted 4/28/09
PROPOSED HOUSE COMMITTEE SUBSTITUTE S780-PCS15297-RD-60

Short Title: Struc. Settlement Annuities/Ins. Guar. Assn.

(Public)

Sponsors:

Referred to:

March 25, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO EXPAND COVERAGE UNDER THE INSURANCE GUARANTY
3 ASSOCIATION WITH RESPECT TO STRUCTURED SETTLEMENT ANNUITIES
4 FOR MATTERS INVOLVING PERSONAL INJURY OR ILLNESS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 58-62-16 is amended by adding a new subdivision to read:

7 "(17a) 'Structured settlement annuities' means any contracts or certificates for
8 annuities issued to fund, in whole or in part, a settlement agreement for a
9 matter involving personal injury or illness, including any settlement
10 agreement permitted under Chapter 97 of the General Statutes."

11 **SECTION 2.** G.S. 58-62-21(a) reads as rewritten:

12 "**§ 58-62-21. Coverage and limitations.**

13 (a) This Article provides coverage for the policies and contracts specified in subsection
14 (b) of this section:

15 (1) To persons other than persons specified in subdivisions (3) and (4) of this
16 subsection who, regardless of where they reside (except for nonresident
17 certificate holders under group policies), are the beneficiaries, assignees, or
18 payees of the persons covered under subdivision (2) of this ~~subsection, and~~
19 subsection;

20 (2) To persons other than persons specified in subdivisions (3) and (4) of this
21 subsection who are owners or certificate holders under the policies, or in the
22 case of unallocated annuity contracts to the persons who are the contract
23 holders, and who are residents of this State, or who are not residents of this
24 State, but only under all of the following conditions: (i) the insurers that
25 issued the policies are domiciled in this State; (ii) the insurers never held a
26 license in the states in which the persons reside; (iii) the states have
27 associations similar to the association created by this Article; and (iv) the
28 persons are not eligible for coverage by the ~~associations.~~associations;

29 (3) To persons who are payees (or beneficiaries of payees if the payees are
30 deceased) under structured settlement annuities if the payees are residents of
31 this State, regardless of where the contract owners of the structured
32 settlement annuities reside; and



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- 1 (4) To persons who are payees (or beneficiaries of payees if the payees are
 2 deceased) under structured settlement annuities if the payees are not
 3 residents of this State, but only if all of the following conditions are met:
 4 a. The contract owners of the structured settlement annuities are
 5 residents of this State or, if not residents of this State, (i) the insurers
 6 that issued the structured settlement annuities are domiciled in this
 7 State and (ii) the state in which the contract owners reside has an
 8 association similar to the Association created by this Article; and
 9 b. Neither the payees (or beneficiaries of payees if the payees are
 10 deceased) nor the contract owners of the structured settlement
 11 annuities are eligible for coverage by an association of the state in
 12 which the payees or contract owners reside."

13 **SECTION 3.** G.S. 58-62-21(d) reads as rewritten:

14 (d) The benefits for which the Association is liable do not, in any event, exceed the
 15 lesser of:

- 16 ...
- 17 (4) With respect to any one contract holder covered by any unallocated annuity
 18 contract not included in subdivision (3) of this subsection, five million
 19 dollars (\$5,000,000) in benefits, regardless of the number of such contracts
 20 held by that contract ~~holder,~~ holder; or
 21 (5) With respect to any one contract holder of a structured settlement annuity,
 22 one million dollars (\$1,000,000) for all benefits, including cash values."

23 **SECTION 4.** G.S. 58-62-21(e) reads as rewritten:

24 (e) In no event is the Association liable to expend more than ~~three hundred thousand~~
 25 ~~dollars (\$300,000)~~ five hundred thousand dollars (\$500,000) in the aggregate with respect to
 26 any one individual under this section. This subsection does not apply to structured settlement
 27 annuities."

28 **SECTION 5.** This act is effective when it becomes law and applies to claims
 29 submitted to the Insurance Guaranty Association on or after that date.