

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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**SENATE BILL 489
PROPOSED COMMITTEE SUBSTITUTE S489-PCS35308-TG-18**

Short Title: Clarify Workers' Comp. Policy Cancellation.

(Public)

Sponsors:

Referred to:

March 30, 2017

A BILL TO BE ENTITLED

AN ACT TO CLARIFY WHEN NOTICES OF CANCELLATION OF WORKERS' COMPENSATION POLICIES ARE PRESUMED EFFECTIVE AND COMPLETE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-36-105(b) reads as rewritten:

"(b) Any cancellation permitted by subsection (a) of this section is not effective unless written notice of cancellation has been given to the insured not less than 15 days before the proposed effective date of cancellation. The notice may be given by registered or certified mail, return receipt requested, to the insured and any other person designated in the policy to receive notice of cancellation at their addresses shown in the policy or, if not indicated in the policy, at their last known addresses. The notice shall state the precise reason for cancellation. Whenever notice of intention to cancel is given by registered or certified mail, no cancellation by the insurer shall be effective unless and until such method is employed and completed. Notice of intent to cancel given by registered or certified mail shall be conclusively presumed completed three days after the notice is sent if, on the same day that the notice is sent by registered or certified mail, the insurer also provides notice by first-class mail and by electronic means if available as defined in G.S. 58-2-255(a) to the insured and any other person designated in the policy to receive notice. Any such supplemental notice given by electronic means shall be effective for the limited purpose of establishing this conclusive presumption, notwithstanding G.S. 58-2-255(b). Within three (3) business days of cancellation, the insurer shall provide notice by first-class mail to any person to whom the insurer has provided a certificate of insurance pursuant to G.S. 97-19. Notice of cancellation, termination, or nonrenewal may also be given by any method permitted for service of process pursuant to Rule 4 of the North Carolina Rules of Civil Procedure. Failure to send this notice, as provided in this section, to any other person designated in the policy to receive notice of cancellation invalidates the cancellation only as to that other person's interest."

SECTION 2. G.S. 58-2-255(b) reads as rewritten:

"(b) When any insurance law of this State, ~~except for cancellation, termination, or nonrenewal of workers' compensation policies pursuant to G.S. 58-36-105(b),~~ State requires a communication to be provided to a party in writing, signed by a party, provided by means of a specific delivery method, or retained by an insurer, those requirements are satisfied if the insurer complies with Article 40 of Chapter 66 of the General Statutes."

SECTION 3. This act is effective when it becomes law and applies to notices of cancellation of workers' compensation policies sent on or after that date.



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