

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 220
PROPOSED COMMITTEE SUBSTITUTE H220-PCS30427-TUF-9

Short Title: Insurance Technical Changes.-AB

(Public)

Sponsors:

Referred to:

February 28, 2019

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE TECHNICAL AND CLARIFYING CHANGES TO THE INSURANCE
3 LAWS, AS RECOMMENDED BY THE DEPARTMENT OF INSURANCE.
4 The General Assembly of North Carolina enacts:

5
6 **PART I. HOLDING COMPANY ACT TECHNICAL CHANGES**

7 **SECTION 1.** G.S. 58-19-10(b) reads as rewritten:

8 "(b) In addition to investments in common stock, preferred stock, debt obligations, and
9 other securities permitted under this Chapter, a domestic insurer may also:

- 10 (1) Invest, in common stock, preferred stock, debt obligations, and other
11 securities of one or more affiliates or subsidiaries, amounts that do not exceed
12 the lesser of ten percent (10%) of the insurer's admitted assets or fifty percent
13 (50%) of the insurer's policyholders' surplus, provided that after those
14 investments, the insurer's policyholders' surplus will be reasonable in relation
15 to the insurer's outstanding liabilities and adequate to its financial needs. In
16 calculating the amount of the investments, investments in domestic or foreign
17 insurance affiliates or subsidiaries and health maintenance organizations shall
18 be excluded, and there shall be included: (i) total net monies or other
19 consideration expended and obligations assumed in the acquisition or
20 formation of a subsidiary, including all organizational expenses and
21 contributions to capital and surplus of the subsidiary whether or not
22 represented by the purchase of capital stock or issuance of other securities;
23 and (ii) all amounts expended in acquiring additional common stock, preferred
24 stock, debt obligations, and other securities, and all contributions to the capital
25 or surplus, of a subsidiary subsequent to its acquisition or formation;

26 ...

- 27 (3) With the approval of the Commissioner, invest any greater amount in common
28 stock, preferred stock, debt obligations, or other securities of one or more
29 affiliates or subsidiaries; provided that after such investment the insurer's
30 policyholders' surplus will be reasonable in relation to the insurer's
31 outstanding liabilities and adequate to its financial needs."

32
33 **PART II. SURPLUS LINES TECHNICAL CHANGES**

34 **SECTION 2.(a)** G.S. 58-21-35(b) reads as rewritten:

35 "(b) The licensee shall complete and retain a copy of the report in paper or electronic
36 form as required by the Commissioner. The report required by this section ~~and the quarterly~~



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1 report required by G.S. 58-21-80 shall be completed on a standardized form or forms prescribed
 2 by the Commissioner and are not public records is not a public record under G.S. 132-1 or
 3 G.S. 58-2-100."

4 **SECTION 2.(b)** G.S. 58-21-40(b)(3) is repealed.

5 **SECTION 2.(c)** G.S. 58-21-75 reads as rewritten:

6 "**§ 58-21-75. Records of surplus lines licensee.**

7 Each surplus lines licensee shall keep in his or her office ~~in this State~~ a full and true record
 8 of each surplus lines insurance contract placed by or through the licensee, including a copy of
 9 the policy, certificate, cover note, or other evidence of insurance. The record shall include the
 10 following items:

- 11 (1) Amount of the insurance and perils insured;
- 12 (2) Brief description of the property insured and its location;
- 13 (3) Gross premium charged;
- 14 (4) Any return premium paid;
- 15 (5) Rate of premium charged upon the several items of property;
- 16 (6) Effective date of the contract, and the terms of the contract;
- 17 (7) Name and address of the insured;
- 18 (8) Name and address of the insurer;
- 19 (9) Amount of tax and other sums to be collected from the ~~insured; and insured;~~
- 20 (10) Identity of the producing broker, any confirming correspondence from the
 21 insurer or its representative, and the ~~application.~~application; and
- 22 (11) Copy of the compliance agreement.

23 The record of each contract shall be kept open at all reasonable times to examination by the
 24 Commissioner without notice for a period not less than five years following termination of the
 25 contract."

26 **SECTION 2.(d)** G.S. 58-21-80 is repealed.

27 **SECTION 2.(e)** G.S. 58-21-95 reads as rewritten:

28 "**§ 58-21-95. Suspension, revocation or nonrenewal of surplus lines licensee's license.**

29 The Commissioner may suspend, revoke, or refuse to renew the license of a surplus lines
 30 licensee after notice and hearing as provided under G.S. 58-2-70 upon any one or more of the
 31 following grounds:

- 32 (1) ~~Removal of the surplus lines licensee's office from this State;~~
- 33 (2) Removal of the surplus lines licensee's office accounts and records ~~from this~~
 34 ~~State~~ during the period during which such accounts and records are required
 35 to be maintained under G.S. 58-21-75;
- 36 (3) Closing of the surplus lines licensee's office for a period of more than 30
 37 business days, unless permission is granted by the Commissioner;
- 38 (4) Failure to make and file required reports;
- 39 (5) Failure to transmit the required tax on surplus lines premiums;
- 40 (6) ~~Failure to maintain the required bond;~~Failure to pay the stamping fee to the
 41 stamping office;
- 42 (7) Violation of any provision of this Article; or
- 43 (8) For any other cause for which an insurance license could be denied, revoked,
 44 suspended, or renewal refused under the Insurance Law."

45
 46 **PART III. ALIGN STATE LAW WITH NAIC MODEL LAW REGARDING IMMUNITY**
 47 **FOR CONTRACTORS HIRED BY THE DEPARTMENT**

48 **SECTION 3.(a)** G.S. 58-30-71(a) reads as rewritten:

49 "(a) ~~For the purposes of this section, the persons~~Persons entitled to protection under this
 50 section are:

- 1 (1) All receivers responsible for the conduct of a delinquency proceeding under
2 this Article, including present and former receivers; and
- 3 (2) ~~Their employees~~ All of the receiver's employees, meaning all present and
4 former special deputies and assistant special deputies appointed by the
5 Commissioner, staff assigned to the delinquency proceeding employed by the
6 Attorney General's Office, and all persons whom the Commissioner, special
7 deputies, or assistant special deputies have employed to assist in a delinquency
8 proceeding under this Article. ~~Attorneys, accountants, auditors, and other~~
9 ~~professional persons or firms, who are retained by the receiver as independent~~
10 ~~contractors and their employees are not employees of the receiver for purposes~~
11 ~~of this section.~~
- 12 (3) All of the receiver's contractors, meaning all persons who are retained by the
13 receiver or the receiver's employees as independent contractors to assist in a
14 delinquency proceeding under this Article, including attorneys, accountants,
15 auditors, and other professional persons or firms and their employees."

16 **SECTION 3.(b)** G.S. 58-30-71(b) reads as rewritten:

17 "(b) ~~The receiver and his employees have~~ receiver, the receiver's employees, and the
18 receiver's contractors shall have official immunity and are immune from suit and liability, both
19 personally and in their official capacities, for any claim for damage to or loss of property or
20 personal injury or other civil liability caused by or resulting from any alleged act, error, or
21 omission of the receiver or any employee arising out of or by reason of any of the following:

22 (1) ~~their~~ Their duties or ~~employment;~~ employment.

23 (2) Any matters that have been subject to review by the Court after notice and
24 opportunity to be heard, provided that the alleged act, error, or omission was
25 not disapproved or disallowed by the Court.

26 ~~provided that nothing~~ Provided, however, that nothing in this section holds the ~~receiver or~~
27 ~~any employee~~ receiver, the receiver's employees, or the receiver's contractors immune from suit
28 or liability for any damage, loss, injury, or liability caused by the intentional or willful and
29 wanton misconduct of the ~~receiver or any employee~~ receiver, the receiver's employees, or the
30 receiver's contractors or for any bodily injury caused by the operation of a motor vehicle."

31 **SECTION 3.(c)** G.S. 58-30-71(j) reads as rewritten:

32 "(j) Nothing in this section deprives the ~~receiver or any employee~~ receiver, the receiver's
33 employees, or the receiver's contractors of any immunity, indemnity, benefits of law, rights, or
34 any defense otherwise available."

35
36 **PART IV. CLARIFY CONSENT TO RATE**

37 **SECTION 4.(a)** G.S. 58-36-30(b) reads as rewritten:

38 "(b) This subsection applies ~~only~~ to insurance against loss to automobile physical damage
39 and related expenses. A rate in excess of that promulgated by the Bureau may be charged by an
40 insurer on any specific risk if the higher rate is charged in accordance with rules adopted by the
41 Commissioner. An insurer shall give notice to the insured that the rates used to calculate the
42 premium for the policy are greater than those rates that are applicable in the State of North
43 Carolina by including the following language in the policy on page one of the declarations page
44 or on a separate page before the declarations page, in at least 14 point type or in a font size larger
45 than the remainder of the document whichever is larger, bolded, and all capitalized:

46 NOTICE: THE PREMIUM THAT WE ARE CHARGING FOR AUTOMOBILE
47 PHYSICAL DAMAGE AND RELATED EXPENSES THAT COVERS THE DAMAGE TO
48 YOUR COVERED VEHICLE(S) EXCEEDS THE PREMIUM BASED UPON THE
49 APPROVED RATES IN NORTH CAROLINA, IN ACCORDANCE WITH G.S. 58-36-30(b).

50 The disclosure statement noted above in this subsection shall be included on any renewal of
51 or endorsement to the policy when the rates charged exceed the approved manual rate. The

1 insurer shall retain consent to rate information for each insured and make this information
 2 available to the Commissioner, upon request of the Commissioner. This subsection may also be
 3 used to provide motor vehicle liability coverage limits above those required under Article 9A of
 4 Chapter 20 of the General Statutes and above those that could be ceded to the North Carolina
 5 Reinsurance Facility under Article 37 of this Chapter to persons whose personal excess liability
 6 insurance policies require that they maintain specific higher liability coverage limits. Any data
 7 obtained by the Commissioner under this subsection is proprietary and confidential and is not a
 8 public record under G.S. 132-1 or G.S. 58-2-100."

9 **SECTION 4.(b)** G.S. 58-36-30(b1) reads as rewritten:

10 "(b1) This subsection applies only to insurance against loss to residential property with not
 11 more than four housing units. A rate in excess of that promulgated by the Bureau may be charged
 12 by an insurer on any specific risk if the higher rate is charged in accordance with rules adopted
 13 by the Commissioner. An insurer shall give notice to the insured that the rates used to calculate
 14 the premium for the policy are greater than those rates that are applicable in the State of North
 15 Carolina by including the following language in the policy on page one of the declarations page
 16 or on a separate page before the declarations page, in at least 14 point type or in a font size larger
 17 than the remainder of the document whichever is larger, bolded, and all capitalized:

18 NOTICE: IN ACCORDANCE WITH G.S. 58-36-30(b1), THE PREMIUM BASED
 19 UPON THE APPROVED RATES IN NORTH CAROLINA FOR RESIDENTIAL PROPERTY
 20 INSURANCE COVERAGE APPLIED FOR WOULD BE \$____. OUR PREMIUM FOR THIS
 21 COVERAGE IS \$____.

22 The disclosure statement noted above in this subsection shall be included on any renewal of
 23 or endorsement to the policy when the rates charged exceed the approved manual rate. ~~for any~~
 24 ~~subsequent increase above the.~~ The insurer shall retain consent to rate information for each
 25 insured and make this information available to the Commissioner, upon request of the
 26 Commissioner. Any data obtained by the Commissioner under this subsection is proprietary and
 27 confidential and is not a public record under G.S. 132-1 or G.S. 58-2-100."

28 **SECTION 4.(c)** G.S. 58-36-30(c) reads as rewritten:

29 ~~"(c) Any approved rate under subsection (b) of this section with respect-~~ This subsection
 30 applies only to workers' compensation and employers' liability insurance written in connection
 31 ~~therewith shall be furnished to the Bureau therewith. A rate in excess of that promulgated by the~~
 32 Bureau may be charged by an insurer on any specific risk if the higher rate is charged in
 33 accordance with rules adopted by the Commissioner."

34 **SECTION 4.(d)** G.S. 58-36-30(e) reads as rewritten:

35 "(e) Each insurer shall collect the following consent to rate data for nonfleet private
 36 passenger motor vehicle physical damage and homeowners residential property ~~(all forms~~
 37 ~~excluding HO4 and HO6)~~ (all forms, excluding HO4 and
 38 HO6) and transmit the data electronically for each policy to the Commissioner on a semi-annual
 39 basis in a format prescribed and designated by the Commissioner:

40"

41 **SECTION 4.(e)** The Commissioner may adopt temporary rules to implement this
 42 section.

43 **PART V. FAST ACT CONFORMING CHANGE**

44 **SECTION 5.** G.S. 58-39-26(a) reads as rewritten:

45 "(a) Disclosure Required. – In addition to the notice requirements of G.S. 58-39-25, an
 46 insurance institution or agent shall provide, to all applicants and policyholders no later than (i)
 47 before the initial disclosure of personal information under G.S. 58-39-75(11) or (ii) the time of
 48 the delivery of the insurance policy or certificate, a clear and conspicuous notice, in written or
 49 electronic form, of the insurance institution or agent's policies and practices with respect to:
 50

1 (1) Disclosing nonpublic personal information to affiliates and nonaffiliated third
 2 parties, consistent with section 502 of Public Law 106-102, including the
 3 categories of information that may be disclosed.

4 (2) Disclosing nonpublic personal information of persons who have ceased to be
 5 customers of the financial institution.

6 (3) Protecting the nonpublic personal information of consumers.

7 These disclosures shall be made in accordance with the regulations prescribed under section ~~505~~
 8 504 of Public Law 106-102.

9 (b) Information to Be Included. – The disclosure required by subsection (a) of this section
 10 shall include:

11 (1) The policies and practices of the insurance institution or agent with respect to
 12 disclosing nonpublic personal information to nonaffiliated third parties, other
 13 than agents of the insurance institution or agent, consistent with section 502
 14 of Public Law 106-102, and including:

15 a. The categories of persons to whom the information is or may be
 16 disclosed, other than the persons to whom the information may be
 17 provided under section 502(e) of Public Law 106-102.

18 b. The policies and practices of the insurance institution or agent with
 19 respect to disclosing of nonpublic personal information of persons
 20 who have ceased to be customers of the insurance institution or agent.

21 (2) The categories of nonpublic personal information that are collected by the
 22 insurance institution or agent.

23 (3) The policies that the insurance institution or agent maintains to protect the
 24 confidentiality and security of nonpublic personal information in accordance
 25 with section 501 of Public Law 106-102.

26 (4) The disclosures required, if any, under section 603(d)(2)(A)(iii) of the Fair
 27 Credit Reporting Act.

28 (c) In the case of a policyholder, the notice required by this section shall be provided not
 29 less than annually during the continuation of the policy. As used in this subsection, "annually"
 30 means at least once in any period of 12 consecutive months during which the policy is in effect.

31 (d) Exception to Annual Notice Requirement. – An insurance institution or agent is not
 32 required to provide the privacy notice annually as required under subsection (c) of this section if
 33 all of the following apply:

34 (1) The insurance institution or agent provides nonpublic personal information
 35 only in accordance with the provisions of sections 502(b)(2) or 502(e) of
 36 Public Law 106-102 or regulations prescribed under section 504(b) of Public
 37 Law 106-102.

38 (2) The insurance institution or agent has not changed its policies and practices
 39 with regard to disclosing nonpublic personal information from the policies and
 40 practices that were disclosed in the most recent disclosure sent to consumers
 41 in accordance with this section.

42 If, at any time, subdivision (1) or (2) of this subsection no longer applies to an insurance
 43 institution or agent, then the insurance institution or agent shall be required to provide the annual
 44 privacy notice required under subsection (c) of this section."

46 PART VI. STREAMLINE EXPEDITED EXTERNAL REVIEW PROCESS

47 **SECTION 6.(a)** G.S. 58-50-82(a) reads as rewritten:

48 "(a) Except as provided in subsection (g) of this section, a covered person may file a
 49 request for an expedited external review with the Commissioner at the time the covered person
 50 ~~receives~~receives any of the following:

- 1 (1) A noncertification decision under G.S. 58-50-61(f) ~~if~~ if all of the following
 2 conditions apply:
 3 a. The covered person has a medical condition where the time frame for
 4 completion of an expedited review of an appeal involving a
 5 noncertification set forth in G.S. 58-50-61(l) would be reasonably
 6 expected to seriously jeopardize the life or health of the covered person
 7 or would jeopardize the covered person's ability to regain maximum
 8 ~~function; and~~ function.
 9 b. The covered person has filed a request for an expedited appeal under
 10 G.S. 58-50-61(l).
- 11 (2) An appeal decision under G.S. 58-50-61(k) or ~~(l)~~ G.S. 58-58-61(l) upholding
 12 a noncertification ~~if~~ if all of the following conditions apply:
 13 a. The noncertification appeal decision involves a medical condition of
 14 the covered person for which the time frame for completion of an
 15 expedited second-level grievance review of a noncertification set forth
 16 in G.S. 58-50-62(i) would reasonably be expected to seriously
 17 jeopardize the life or health of the covered person or jeopardize the
 18 covered person's ability to regain maximum ~~function; and~~ function.
 19 b. The covered person has filed a request for an expedited second-level
 20 grievance review of a noncertification as set forth in G.S. 58-50-61(i);
 21 ~~or G.S. 58-50-62(i).~~
- 22 (3) A second-level grievance review decision under ~~G.S. 58-60-62(h) or (i)~~
 23 G.S. 58-50-62(h) or G.S. 58-50-62(i) upholding a
 24 ~~noncertification;~~ noncertification if all of the following conditions apply:
 25 a. If the covered person has a medical condition where the time frame for
 26 completion of a standard external review under G.S. 58-50-80 would
 27 reasonably be expected to seriously jeopardize the life or health of the
 28 covered person or jeopardize the covered person's ability to regain
 29 maximum ~~function; or~~ function.
 30 b. If the second-level grievance concerns a noncertification of an
 31 admission, availability of care, continued stay, or health care service
 32 for which the covered person received emergency services, but has not
 33 been discharged from a facility."

34 **SECTION 6.(b)** G.S. 58-50-82(b) reads as rewritten:

- 35 "(b) Within two days after receiving a request for an expedited external review, the
 36 Commissioner shall complete all of the following:
 37 (1) Notify the insurer that made the noncertification, noncertification appeal
 38 decision, or second-level grievance review decision which is the subject of the
 39 request that the request has been received and provide a copy of the request.
 40 The Commissioner shall also request any information from the insurer
 41 necessary to make the preliminary review set forth in G.S. 58-50-80(b)(2) and
 42 require the insurer to deliver the information not later than one day after the
 43 request was made.
 44 (2) Determine whether the request is eligible for external ~~review and, if it is~~
 45 ~~eligible, determine whether it is eligible for expedited review.~~ review.
 46 (3) If the request is eligible for external review and the covered person's treating
 47 provider requesting the service that is the subject of the external review has
 48 certified the request on a form prescribed by the Commissioner, then one of
 49 the following shall apply:
 50 a. For a request made pursuant to subdivision (a)(1) of this ~~section that~~
 51 ~~the Commissioner has determined meets the reviewability~~

1 requirements set forth in ~~G.S. 58-50-80(b)(2)~~, determine, based on
2 medical advice from a medical professional who is not affiliated with
3 the organization that will be assigned to conduct the external review
4 of the request, whether section, the request should ~~shall~~ be reviewed
5 on an expedited basis because the time frame for completion of an
6 expedited review under G.S. 58-50-61(1) would reasonably be
7 expected to seriously jeopardize the life or health of the covered person
8 or would jeopardize the covered person's ability to regain maximum
9 function. The Commissioner shall ~~then~~ inform the covered person, the
10 covered person's provider who performed or requested the service, and
11 the insurer whether the Commissioner has accepted the covered
12 person's request for an expedited external review. If the Commissioner
13 has accepted the covered person's request for an expedited external
14 review, then the Commissioner shall, in accordance with
15 G.S. 58-50-80, assign an organization to conduct the review within the
16 appropriate time frame. If the Commissioner has not accepted the
17 covered person's request for an expedited external review, then the
18 covered person shall be ~~informed by the Commissioner that the~~
19 ~~covered person must exhaust, at a minimum, the insurer's internal~~
20 ~~appeal process under G.S. 58-50-61(1) before making another request~~
21 ~~for an external review with the Commissioner.~~notified.

22 b. For a request made pursuant to subdivision (a)(2) of this section ~~that~~
23 ~~the Commissioner has determined meets the reviewability~~
24 ~~requirements set forth in G.S. 58-50-80(b)(2)~~, the Commissioner shall
25 determine, based on medical advice from a medical professional who
26 is not affiliated with the organization that will be assigned to conduct
27 the external review of the request, whether section, the request should
28 shall be reviewed on an expedited basis because the time frame for
29 completion of an expedited review under G.S. 58-50-62 would
30 reasonably be expected to seriously jeopardize the life or health of the
31 covered person or would jeopardize the covered person's ability to
32 regain maximum function. The Commissioner shall ~~then~~ inform the
33 covered person, the covered person's provider who performed or
34 requested the service, and the insurer whether the Commissioner has
35 accepted the covered person's request for an expedited external review.
36 If the Commissioner has accepted the covered person's request for an
37 expedited external review, then the Commissioner shall, in accordance
38 with G.S. 58-50-80, assign an organization to conduct the review
39 within the appropriate time frame. If the Commissioner has not
40 accepted the covered person's request for an expedited external review,
41 then the covered person shall be ~~informed by the Commissioner that~~
42 ~~the covered person must exhaust the insurer's internal grievance~~
43 ~~process under G.S. 58-50-62 before making another request for an~~
44 ~~external review with the Commissioner.~~notified.

45 c. For a request made pursuant to sub-subdivision (a)(3)a. of this section
46 ~~that the Commissioner has determined meets the reviewability~~
47 ~~requirements set forth in G.S. 58-50-80(b)(2)~~, the Commissioner shall
48 determine, based on medical advice from a medical professional who
49 is not affiliated with the organization that will be assigned to conduct
50 the external review of the request, whether section, the request should
51 shall be reviewed on an expedited basis because the time frame for

1 completion of a standard external review under G.S. 58-50-80 would
 2 reasonably be expected to seriously jeopardize the life or health of the
 3 covered person or would jeopardize the covered person's ability to
 4 regain maximum function. The Commissioner shall ~~then~~ inform the
 5 covered person, the covered person's provider who performed or
 6 requested the service, and the insurer whether the review will be
 7 conducted using an expedited or standard time frame and shall, in
 8 accordance with G.S. 58-50-80, assign an organization to conduct the
 9 review within the appropriate time frame.

10 d. For a request made pursuant to sub subdivision (a)(3)b. of this section,
 11 ~~that the Commissioner has determined meets the reviewability~~
 12 ~~requirements set forth in G.S. 58-50-80(b)(2), the Commissioner shall,~~
 13 ~~in accordance with G.S. 58-50-80, assign an organization to conduct~~
 14 ~~the expedited review and inform the covered person, the covered~~
 15 ~~person's provider who performed or requested the service, and the~~
 16 ~~insurer of its decision, the Commissioner shall, in accordance with~~
 17 G.S. 58-50-80, assign an organization to conduct the expedited review
 18 and inform the covered person, the covered person's provider who
 19 performed or requested the service, and the insurer of its decision."

20 **SECTION 6.(c)** G.S. 58-50-89 reads as rewritten:

21 "**§ 58-50-89. Hold harmless for Commissioner, medical professionals, Commissioner and**
 22 **independent review organizations.**

23 ~~Neither the The Commissioner, a medical professional rendering advice to the Commissioner~~
 24 ~~under G.S. 58-50-82(b)(2), an independent review organization, nor shall or a clinical peer~~
 25 ~~reviewer working on behalf of an independent review organization shall not be liable for damages~~
 26 ~~to any person for any opinions rendered during or upon completion of an external review~~
 27 ~~conducted under this Part, unless the opinion was rendered in bad faith or involved gross~~
 28 ~~negligence."~~

29 **SECTION 6.(d)** Subsections (a) and (b) of this section become effective October 1,
 30 2019, and apply to requests for expedited review submitted on or after that date.

31 **PART VII. BAIL BONDSMAN TECHNICAL CHANGES**

32 **SECTION 7.(a)** G.S. 58-71-1 is amended by adding a new subdivision to read:

33 "(6a) Premium. – An amount of money paid in exchange for a bail bondsman's
 34 services in writing a bail bond."

35 **SECTION 7.(b)** G.S. 58-71-45 reads as rewritten:

36 "**§ 58-71-45. Terms of licenses.**

37 A license issued to a bail bondsman or to a runner authorizes the licensee to act in that
 38 capacity until the license is lapsed, suspended or revoked. ~~Upon the suspension or revocation of~~
 39 ~~a license, the The licensee shall return the license to the Commissioner. Commissioner within 10~~
 40 ~~working days of the lapse, suspension, or revocation of the license. A license of a bail bondsman~~
 41 ~~and a license of a runner shall be renewed in accordance with G.S. 58-71-75. After notifying the~~
 42 ~~Commissioner in writing, a professional bondsman who employs a runner may cancel the~~
 43 ~~runner's authority to act for the professional bondsman."~~

44 **SECTION 7.(c)** G.S. 58-71-165(a) reads as rewritten:

45 "(a) Each professional bail bondsman shall file with the Commissioner a written report in
 46 a form prescribed by the Commissioner regarding all bail bonds on which the bondsman is liable
 47 as of the first day of each month showing (i) each individual bonded, (ii) the date the bond was
 48 given, (iii) the principal sum of the bond, (iv) ~~the State or local official to whom given, and court~~
 49 file or docket number for the principal's court obligation, (v) the fee charged for the bonding
 50 service in each ~~instance.~~instance, and (vi) the certificate seal number for each bond issued."
 51

1 **SECTION 7.(d)** G.S. 58-71-167 reads as rewritten:

2 "**§ 58-71-167. Portion of bond premium payments deferred.**

3 (a) In any case where the agreement between principal and surety calls for some portion
4 of the bond premium payments to be deferred or paid after the defendant has been released from
5 custody, a written memorandum of agreement between the principal and surety shall be kept on
6 file by the surety with a copy provided to the ~~principal, upon request.~~principal. The memorandum
7 shall contain the following information:

8 (1) The amount of the premium payment deferred or not yet paid at the time the
9 defendant is released from jail.

10 (2) The method and schedule of payment to be made by the defendant to the
11 bondsman, which shall include the dates of payment and amount to be paid on
12 each date.

13 (3) That the principal ~~is, upon the principal's request,~~is entitled to a copy of the
14 memorandum.

15 (b) The memorandum must be signed by the defendant and the bondsman, or one of the
16 bondsman's agents, and dated at the time the agreement is made. Any subsequent modifications
17 of the memorandum must be in writing, signed, dated, and kept on file by the surety, with a copy
18 provided to the ~~principal, upon request.~~principal."

19
20 **PART VIII. CLARIFY RULE-MAKING AUTHORITY FOR STATE FIRE AND**
21 **RESCUE COMMISSION**

22 **SECTION 8.** G.S. 58-78-5(a) is amended by adding a new subsection to read:

23 "(a) The Commission shall have the following powers and duties:

24 ...

25 (17) To adopt, modify, or repeal any rules and regulations necessary for the
26 purpose of carrying out the provisions of this Article."

27
28 **PART IX. PREPAID HEALTH PLAN LICENSING ACT CLARIFYING AND**
29 **TECHNICAL CHANGES**

30 **SECTION 9.(a)** G.S. 58-93-20(c) reads as rewritten:

31 "(c) Any person that is already a licensed health organization in this State under this
32 Chapter shall be recognized as a PHP under this Article and shall be issued a PHP license upon
33 the licensed health organization's demonstration to the Commissioner of its compliance with this
34 Article. A licensed health organization shall not be required to file a PHP application, pay a PHP
35 application fee, or provide the notice required by subsection (d) of this section as a condition of
36 receipt of a PHP license. Unless otherwise exempted, a licensed health organization shall be
37 subject to the remaining requirements of this Article, including deposit, minimum capital and
38 surplus, and working capital requirements."

39 **SECTION 9.(b)** G.S. 58-93-30 reads as rewritten:

40 "**§ 58-93-30. Fees.**

41 The Commissioner shall ~~establish charge~~ an application fee ~~not to exceed of~~ two thousand
42 dollars (\$2,000) for entities filing an application to be licensed as a PHP under this Article. The
43 Commissioner shall ~~establish charge~~ an annual PHP license continuation fee ~~not to exceed of~~
44 five thousand dollars (\$5,000). The PHP license shall continue in full force and effect subject to
45 timely payment of the annual PHP license continuation fee in accordance with G.S. 58-6-7(c)
46 and subject to any other provisions of this Chapter applicable to PHPs."

47 **SECTION 9.(c)** G.S. 58-93-60 reads as rewritten:

48 "**§ 58-93-60. Examinations.**

49 The Commissioner may make an examination of the affairs of any PHP as often as the
50 Commissioner determines it to be necessary for the protection of the interests of the enrollees or
51 the State but not less frequently than once every five years. The Commissioner shall notify DHHS

1 prior to any examination of a PHP and shall provide DHHS with the results of an examination in
 2 accordance with G.S. 58-93-5(e). Examinations shall otherwise be conducted under
 3 G.S. 58-2-131 through G.S. 58-2-134."

4 **SECTION 9.(d)** G.S. 58-93-90 reads as rewritten:

5 **"§ 58-93-90. Rehabilitation or liquidation of PHP.**

6 (a) Any rehabilitation or liquidation of a PHP shall be deemed to be the rehabilitation or
 7 liquidation of an insurance company and shall be conducted under the supervision of the
 8 Commissioner pursuant to Article 30 of this Chapter. The Commissioner may apply for an order
 9 directing the rehabilitation or liquidation of a PHP upon one or more grounds set out in Article
 10 30 of this Chapter or when it is the opinion of the Commissioner that the continued operation of
 11 the PHP would be hazardous either to the enrollees or to the State. Priority shall be given to
 12 DHHS's claims over all other claims in G.S. 58-30-220, except for claims in G.S. 58-30-220(1).

13 (b) To the greatest extent possible, the Commissioner shall provide notice to DHHS prior
 14 to seeking an application for an order to rehabilitate or liquidate a PHP under this section. If prior
 15 notice is not possible, the Commissioner shall provide the notice to DHHS as soon as possible
 16 after seeking the order."

17 **SECTION 9.(e)** G.S. 58-93-95(a) reads as rewritten:

18 "(a) When the Commissioner has cause to believe that grounds for the denial of an
 19 application for a license exist, or that grounds for the suspension or revocation of a license exist,
 20 notification shall be given to the PHP ~~in writing~~ in writing and a copy of the notice shall be provided
 21 to DHHS. This notice shall specifically state the grounds for denial, suspension, or revocation
 22 and shall set a date for a hearing on the matter at least 30 days after notice is given."

23 **SECTION 9.(f)** G.S. 58-93-120(16) reads as rewritten:

24 "(16) G.S. 58-7-26, Asset or reduction from liability for reinsurance ceded by a
 25 domestic insurer to an assuming insurer not meeting the requirements of
 26 ~~G.S. 58-7-21~~ G.S. 58-7-21."

28 **PART X. CLARIFY WHEN APPLICATION SENT TO NORTH CAROLINA** 29 **SELF-INSURANCE SECURITY ASSOCIATION**

30 **SECTION 10.** G.S. 97-170(b) reads as rewritten:

31 "(b) An applicant for a license as a self-insurer shall file with the Commissioner the
 32 information required by subsection (d) of this section on a form prescribed by the Commissioner
 33 at least 90 days before the proposed licensing date. No application is complete until the
 34 Commissioner has received all required information. A copy of the application ~~must~~ shall also
 35 be filed with the North Carolina Self-Insurance Security Association ~~at least 90 days before the~~
 36 ~~proposed licensing date~~ at the same time the application is filed with the Commissioner."

38 **PART XI. MEDICARE SUPPLEMENT CHANGES**

39 **SECTION 11.(a)** G.S. 58-54-45 reads as rewritten:

40 **"§ 58-54-45. By reason of disability.**

41 (a) ~~In~~ For Persons Whose Eligibility for Medicare Occurred Before January 1, 2020. – In
 42 addition to any rule adopted under this Article that is directly or indirectly related to open
 43 enrollment, an insurer shall at least make standardized Medicare Supplement Plan A available to
 44 persons eligible for Medicare by reason of disability before age 65 and also standardized Plan C
 45 or F if marketing either Plan to persons eligible for Medicare before January 1, 2020, due to age.
 46 This action shall be taken without regard to medical condition, claims experience, or health
 47 status. To be eligible, a person must submit an application during the six-month period beginning
 48 with the first month the person first enrolls in Medicare Part B. For those persons that are
 49 retroactively enrolled in Medicare Part B due to a retroactive eligibility decision made by the
 50 Social Security Administration, the application must be submitted within a six-month period

1 beginning with the month in which the person receives notification of the retroactive eligibility
2 decision.

3 (a1) For Persons Whose Eligibility for Medicare Occurs on or After January 1, 2020. - In
4 addition to any rule adopted under this Article that is directly or indirectly related to open
5 enrollment, an insurer shall at least make standardized Medicare Supplement Plan A available to
6 persons eligible for Medicare by reason of disability before age 65 and also standardized Plan D
7 or G if marketing either Plan to persons eligible for Medicare on or after January 1, 2020, due to
8 age. This action shall be taken without regard to medical condition, claims experience, or health
9 status. To be eligible, a person must submit an application during the six-month period beginning
10 with the first month the person first enrolls in Medicare Part B. For those persons that are
11 retroactively enrolled in Medicare Part B due to a retroactive eligibility decision made by the
12 Social Security Administration, the application must be submitted within a six-month period
13 beginning with the month in which the person receives notification of the retroactive eligibility
14 decision.

15 (b) Persons eligible for Medicare by reason of disability before age 65 who are enrolled
16 in a managed care plan and whose coverage under the managed care plan is terminated through
17 cancellation, nonrenewal, or disenrollment have the guaranteed right to purchase Medicare
18 Supplement Plans ~~A and C~~ A, D, or G from any insurer within 63 days after the date of
19 termination or disenrollment.

20 (c) An insurer may develop premium rates specific to the disabled population. No insurer
21 shall discriminate in the pricing of the Medicare supplement plans referred to in this section
22 because of the health status, claims experience, receipt of health care, or medical condition of an
23 applicant where an application for the plan is submitted during an open enrollment or is submitted
24 within 63 days after the managed care plan is terminated. The rates and any applicable rating
25 factors for the Medicare supplement plans referred to in this section shall be filed with and
26 approved by the Commissioner."

27 **SECTION 11.(b)** This section becomes effective January 1, 2020.

28
29 **PART XII. CREDIT PROPERTY INSURANCE REPORTING REQUIREMENT**

30 **SECTION 12.** G.S. 58-57-90 reads as rewritten:

31 **"§ 58-57-90. Credit property insurance; personal property coverage.**

32 (a) As used in this Article, the term "single interest credit property" insurance means
33 insurance of the personal property of the debtor against loss, with the creditor as sole beneficiary;
34 and the term "dual credit property" insurance means insurance of personal property of the debtor,
35 with the creditor as primary beneficiary and the debtor as beneficiary of proceeds not paid to the
36 creditor. For the purpose of this Article, "personal property" means household furniture,
37 furnishings, appliances designed for household use, and other personal property of the debtor,
38 exclusive of an automobile, not used by the debtor in a business trade or profession.

39 (b) Premium rates charged shall not exceed eighty-seven cents (87¢) per year per one
40 hundred dollars (\$100.00) of insured value for single interest credit property insurance and shall
41 not exceed one dollar and thirty-one cents (\$1.31) per year per one hundred dollars (\$100.00) of
42 insured value for dual interest credit property insurance. The insured value shall not exceed the
43 lesser of the value of the property or the amount of the initial indebtedness.

44 In addition to the premium rate authorized, a charge may also be made for a nonrefundable
45 origination fee per credit property insurance transaction as set forth below:

Insured Value	Fee Permitted
less than \$250.00	none
\$250.00 or more but less than \$500.00	\$1.00
\$500.00 or more	\$3.00

1 No third or subsequent origination fee may be charged in connection with the third or subsequent
2 refinancing within any twelve-month period.

3 ~~The Department shall collect data on~~ Each writer of credit property insurance written in North
4 ~~Carolina, including but not limited to:~~ Carolina shall by April 1 of each year submit to the
5 Department for each of the last five calendar years the following information: the amount of
6 coverage written, direct premiums, earned premiums, dividends and retrospective rate credits
7 paid, direct losses paid, direct losses incurred, commissions paid, loss ratios and policy
8 provisions. The Department shall publish the information in an aggregate form on its Web site
9 by July 1 of each year."

10
11 **PART XIII. EFFECTIVE DATE**

12 **SECTION 13.** Except as otherwise provided, this act is effective when it becomes
13 law.