

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 496
Commerce and Insurance Committee Substitute Adopted 5/6/21
House Committee Substitute Favorable 10/20/21
Proposed Conference Committee Substitute S496-PCCS15454-TU-6

Short Title: DOI Omnibus Bill.

(Public)

Sponsors:

Referred to:

April 5, 2021

A BILL TO BE ENTITLED

AN ACT TO AMEND AND TO MAKE CLARIFYING CHANGES TO VARIOUS INSURANCE LAWS, AS RECOMMENDED BY THE DEPARTMENT OF INSURANCE, TO AMEND LAWS RELATED TO BROKER AND INSURANCE PRODUCER LICENSES, TO ALLOW SELF-INSURANCE TO SERVE AS PROOF OF FINANCIAL RESPONSIBILITY, TO PROHIBIT DISCLOSURE OF REPLACEMENT COST ESTIMATORS, TO REQUIRE CERTAIN APPOINTMENTS TO THE NORTH CAROLINA REINSURANCE FACILITY'S BOARD OF GOVERNORS, TO AMEND A REPORTING DATE FOR MEMBERS OF THE NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION, TO EXEMPT CERTAIN EMPLOYMENT CONTRACTS ENTERED INTO BY THE DEPARTMENT OF INSURANCE, TO AMEND INNOVATION WAIVER EXEMPTIONS, TO REVISE INSURANCE REQUIREMENTS FOR TRANSPORTATION NETWORK COMPANIES, TO AUTHORIZE FUNDING BY THE NORTH CAROLINA GLOBAL TRANSPARK AUTHORITY, TO AMEND THE DUE DATE FOR HOME INSPECTION REPORTS, TO SHORTEN THE TIME FRAME TO RETAKE THE HOME INSPECTOR EXAMINATION, AND TO AMEND MINIMUM INSULATION REQUIREMENTS.

The General Assembly of North Carolina enacts:

PART I. HOLDING COMPANY ACT FORM FILING CHANGES

SECTION 1. G.S. 58-19-75(b) reads as rewritten:

"(b) A complete copy of each statement, including exhibits and all other papers and documents filed as a part of the statement, shall be filed with the Commissioner by ~~personal delivery or~~ mail addressed to the Commissioner and shall be signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority shall also be filed with the statement."

PART II. STANDARDIZE QUALITY LIMITATIONS FOR OBLIGATIONS

SECTION 2.(a) G.S. 58-7-170(d) reads as rewritten:

"(d) Without the Commissioner's prior written approval, the cost of investments permitted under G.S. 58-7-173 and G.S. 58-7-178, and that are classified as medium to lower quality obligations, ~~other than obligations of subsidiaries or affiliated corporations as that term is defined in G.S. 58-19-5,~~ obligations shall be limited to:



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- 1 (1) No more than twenty percent (20%) of an insurer's admitted assets;
- 2 (2) No more than ten percent (10%) of an insurer's admitted assets in obligations
- 3 designated a 4, 5, or 6 in accordance with the Purposes and Procedures Manual
- 4 of the NAIC Securities Valuation Office;
- 5 (3) No more than three percent (3%) of an insurer's admitted assets in obligations
- 6 designated a 5 or 6 in accordance with the Purposes and Procedures Manual
- 7 of the NAIC Securities Valuation Office; and
- 8 (4) No more than one percent (1%) of an insurer's admitted assets in obligations
- 9 designated a 6 in accordance with the Purposes and Procedures Manual of the
- 10 NAIC Securities Valuation Office.
- 11 (5),(6) Repealed by Session Laws 1993, c. 452, s. 11."

12 **SECTION 2.(b)** G.S. 58-19-10 reads as rewritten:

13 **"§ 58-19-10. ~~Subsidiaries~~ Affiliates or subsidiaries of insurers.**

14 ...

15 (b) In addition to investments in common stock, preferred stock, debt obligations, and

16 other securities permitted under this Chapter, a domestic insurer may also:

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

34 ...

35 (c) Investments in common stock, preferred stock, debt obligations, or other securities of

36 subsidiaries made pursuant to subsection (b) of this section are not subject to any of the otherwise

37 applicable restrictions or prohibitions contained in this Chapter applicable to such investments

38 of ~~insurers~~insurers except the medium to lower quality obligation limitations under

39 G.S. 58-7-170(d).

40"

41

42 **PART III. CHANGE PEO NOTIFICATION REQUIREMENTS**

43 **SECTION 3.** G.S. 58-89A-110(g) reads as rewritten:

44 "(g) A licensee shall, within 30 days of initiation or termination of the licensee's

45 relationship with any client company, notify its workers' compensation ~~carrier, the~~

46 ~~Commissioner, carrier~~ and the North Carolina Industrial Commission of both the initiation and

47 termination of the relationship. If the client company terminates the relationship between the

48 licensee and the client company, the notice required by this subsection shall be given within 10

49 days of the licensee's actual knowledge of the termination."

50

51 **PART IV. UPDATE OTHER LAWS APPLICABLE TO HMOS**

1 SECTION 4. G.S. 58-67-171 reads as rewritten:

2 "§ 58-67-171. Other laws applicable to HMOs.

3 The following provisions of this Chapter are applicable to HMOs that are subject to this
4 Article are as follows:

- 5 G.S. 58-2-125. Authority over all insurance companies; no exemptions from
- 6 license.
- 7 G.S. 58-2-150. Oath required for compliance with law.
- 8 G.S. 58-2-155. Investigation of charges.
- 9 G.S. 58-2-160. Reporting and investigation of insurance and reinsurance fraud and
- 10 the financial condition of licensees; immunity from liability.
- 11 G.S. 58-2-162. Embezzlement by insurance agents, brokers, or administrators.
- 12 G.S. 58-2-185. Record of business kept by companies and agents; Commissioner
- 13 may inspect.
- 14 G.S. 58-2-190. Commissioner may require special reports.
- 15 G.S. 58-2-195. Commissioner may require records, reports, etc., for agencies,
- 16 agents, and others.
- 17 G.S. 58-2-200. Books and papers required to be exhibited.
- 18 G.S. 58-3-50. Companies must do business in own name; emblems, insignias,
- 19 etc.
- 20 G.S. 58-3-100(c),(e). Insurance company licensing provisions.
- 21 G.S. 58-3-115. Twisting with respect to insurance policies; penalties.
- 22 G.S. 58-7-21. Credit allowed a domestic ceding insurer.
- 23 G.S. 58-7-26. Asset or reduction from liability for reinsurance ceded by a
- 24 domestic insurer to an assuming insurer not meeting the
- 25 requirements of G.S. 58-7-21.
- 26 G.S. 58-7-30. Insolvent ceding insurer.
- 27 G.S. 58-7-31. Life and health reinsurance agreements.
- 28 G.S. 58-7-46. Notification to Commissioner for president or chief executive
- 29 officer changes.
- 30 G.S. 58-7-73. Dissolution of insurers.
- 31 Part 7 of Article 10. Annual Financial Reporting.
- 32 G.S. 58-50-35. Notice of nonpayment of premium required before forfeiture.
- 33 G.S. 58-51-15(a)(2)b. Accident and health policy provisions.
- 34 G.S. 58-51-17. Portability for accident and health insurance.
- 35 G.S. 58-51-25. Policy coverage to continue as to children with an intellectual or
- 36 physical disability or dependent students on medically necessary
- 37 leave of absence.
- 38 G.S. 58-51-35. Insurers and others to afford coverage to children with an
- 39 intellectual or physical disability.
- 40 G.S. 58-51-45. Policies to be issued to any person possessing the sickle-cell trait
- 41 or hemoglobin C trait.
- 42 G.S. 58-62. Life and Health Insurance Guaranty Association."

43
44 **PART V. PREPAID HEALTH PLAN LICENSING ACT CLARIFYING CHANGE**

45 SECTION 5. G.S. 58-93-75 reads as rewritten:

46 "§ 58-93-75. Continuation of health care services.

47 The Commissioner shall require that each PHP have a plan for handling insolvency. The plan
48 must allow for health care services to be provided to enrollees until the PHP's ~~enrollees whose~~
49 ~~enrollment in a PHP is not voluntary are enrolled in~~ capitated contract is terminated by DHHS
50 and all enrollees required under G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.

51 In considering the plan, the Commissioner may require any of the following:

- 1 (1) Insurance to cover the expenses to be paid for enrollee health care services
2 after an insolvency.
- 3 (2) Provisions in provider contracts that obligate the provider to provide services
4 for the duration of the period after the PHP's insolvency until the PHP's
5 enrollees whose enrollment in a PHP is not voluntary are enrolled in capitated
6 contract is terminated by DHHS and all enrollees required under
7 G.S. 108D-40 to enroll in a PHP are transitioned to another PHP.
- 8 (3) Insolvency reserves.
- 9 (4) Letters of credit acceptable to the Commissioner.
- 10 (5) Any other arrangements to assure that health care services are provided to
11 enrollees as specified in this section."
12

13 PART VI. PUBLIC SCHOOL INSURANCE REPORTING CHANGES

14 SECTION 6.(a) G.S. 115C-523.1 reads as rewritten:

15 "§ 115C-523.1. Duty to insure public school property.

16 (a) The local board of education of every local school administrative unit in the public
17 school system of this State, in order to safeguard the investment made in public schools, shall:

- 18 (1) Insure and keep insured to the extent of not less than eighty percent (80%) of
19 the current insurable value, as determined by the insurer and the insured, of
20 each of its insurable buildings against the perils embraced in broad form
21 coverage to include fire, lightning, windstorm, hail, explosion, aircraft or
22 vehicles, riot or civil commotion, smoke, vandalism, sprinkler leakage,
23 sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet,
24 or water damage.
- 25 (2) Insure and keep insured adequately the equipment and contents of the
26 building.
- 27 (3) Provide to the Commissioner of Insurance a list of all of its insurable
28 buildings, the equipment and contents of the buildings, and their insurable
29 values by October 1 of each year.

30 (b) The tax-levying authority for each local school administrative unit shall appropriate
31 funds necessary for compliance with the provisions of subsection (a) of this section.

32 (c) Local boards of education may purchase insurance from companies duly licensed and
33 authorized to sell insurance in this State or may obtain insurance in accordance with the
34 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
35 Education Property." If a local board of education purchases insurance from a company duly
36 licensed and authorized to sell insurance in this State for any insurable building, its equipment,
37 or its contents, the local board of education shall provide the Commissioner with a copy of the
38 policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason,
39 the local board of education shall notify the Commissioner within five days of the effective date
40 of the cancellation, termination, or change.

41 (d) If the Commissioner of Insurance determines that any person has willfully failed to
42 comply with the provisions of subsections ~~(a)-(a), (b), and (b)-(c)~~ of this section, the
43 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
44 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
45 violation."

46 SECTION 6.(b) G.S. 115C-523.2 reads as rewritten:

47 "§ 115C-523.2. Flood insurance.

48 (a) The local board of education of every local school administrative unit in the public
49 school system of this State, in order to safeguard the investment made in public schools, shall
50 insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable
51 value, as determined by the insurer and the insured, of each of its insurable buildings against

1 flood when that property is located, or becomes located in, an area identified on the latest Flood
2 Insurance Rate Map produced by the Federal Emergency Management Agency as area that will
3 be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded
4 in any given year. The local board of education shall provide to the Commissioner of Insurance
5 a list of all of its insurable buildings against flood and their insurable values by October 1 of each
6 year.

7 (b) The tax-levying authority for each local school administrative unit shall appropriate
8 funds necessary for compliance with the provisions of subsection (a) of this section.

9 (c) Local boards of education may purchase insurance from companies duly licensed and
10 authorized to sell insurance in this State or may obtain insurance in accordance with the
11 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
12 Education Property." If a local board of education purchases insurance from a company duly
13 licensed and authorized to sell insurance in this State for any insurable building against flood,
14 the local board of education shall provide the Commissioner with a copy of the policy of
15 insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the local
16 board of education shall notify the Commissioner within five days of the effective date of the
17 cancellation, termination, or change.

18 (d) If the Commissioner of Insurance determines that any person has willfully failed to
19 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
20 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
21 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
22 violation."

23 **SECTION 6.(c)** G.S. 115D-58.11 reads as rewritten:

24 **"§ 115D-58.11. Fire and casualty insurance on institutional buildings and contents.**

25 (a) The board of trustees of each institution, in order to safeguard the investment in
26 institutional buildings and their contents, shall:

27 (1) Insure and keep insured each building owned by the institution to the extent
28 of not less than eighty percent (80%) of the current insurable value, as
29 determined by the insured and insurer, against loss by the perils embraced in
30 broad form coverage to include fire, lightning, windstorm, hail, explosion,
31 aircraft or vehicles, riot or civil commotion, smoke, vandalism, sprinkler
32 leakage, sinkhole collapse, volcanic action, falling objects, weight of snow,
33 ice or sleet, or water damage to institutional buildings and properties.

34 (2) Insure and keep insured equipment and other contents of all institutional
35 buildings that are the property of the institution or the State or which are used
36 in the operation of the institution.

37 (3) Provide to the Commissioner of Insurance a list of all of its institution's
38 insurable buildings, the equipment and contents of the buildings, and their
39 insurable values by October 1 of each year.

40 (b) The tax-levying authority of each institution shall provide the funds necessary for the
41 purchase of the insurance required in subsection (a) of this section.

42 (c) Boards of trustees may purchase insurance from companies duly licensed and
43 authorized to sell insurance in this State or may obtain insurance in accordance with the
44 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
45 Education Property." If the board of trustees of an institution purchases insurance from a
46 company duly licensed and authorized to sell insurance in this State for any insurable building,
47 its equipment, or its contents, the board of trustees shall provide the Commissioner with a copy
48 of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any
49 reason, the board of trustees shall notify the Commissioner within five days of the effective date
50 of the cancellation, termination, or change.

1 (d) If the Commissioner of Insurance determines that any person has willfully failed to
 2 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
 3 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
 4 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
 5 offense violation."

6 **SECTION 6.(d)** G.S. 115D-58.11A reads as rewritten:

7 "**§ 115D-58.11A. Flood insurance.**

8 (a) The board of trustees of each institution, in order to safeguard the investment in
 9 institutional buildings and their contents, shall insure and keep insured to the extent of not less
 10 than eighty percent (80%) of the current insurable value, as determined by the insurer and the
 11 insured, of each of its insurable buildings against flood when that property is located, or becomes
 12 located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal
 13 Emergency Management Agency as area that will be inundated by the flood event having a one
 14 percent (1%) chance of being equaled or exceeded in any given year. The board of trustees of
 15 each institution shall provide to the Commissioner of Insurance a list of all of its institution's
 16 insurable buildings against flood and their insurable values by October 1 of each year.

17 (b) The tax-levying authority for each institution shall appropriate funds necessary for
 18 compliance with the provisions of subsection (a) of this section.

19 (c) The board of trustees may purchase insurance from companies duly licensed and
 20 authorized to sell insurance in this State or may obtain insurance in accordance with the
 21 provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public
 22 Education Property." If the board of trustees of an institution purchases insurance from a
 23 company duly licensed and authorized to sell insurance in this State for any insurable building
 24 against flood, the board of trustees shall provide the Commissioner with a copy of the policy of
 25 insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, the board
 26 of trustees shall notify the Commissioner within five days of the effective date of the cancellation,
 27 termination, or change.

28 (d) If the Commissioner of Insurance determines that any person has willfully failed to
 29 comply with the provisions of subsections ~~(a)~~-(a), (b), and ~~(b)~~-(c) of this section, the
 30 Commissioner of Insurance may order, for each separate violation, a civil penalty under the
 31 procedures in G.S. 58-2-70(d). Every 24 hours without such insurance constitutes a separate
 32 violation."
 33

34 **PART VII. NORTH CAROLINA MANUFACTURED HOUSING BOARD CHANGES**

35 **SECTION 7.(a)** G.S. 143-143.9 reads as rewritten:

36 "**§ 143-143.9. Definitions.**

37 The following definitions apply in this Part:

38 ...

39 (3) Code. – Engineering standards entitled State of North Carolina Regulations
 40 for Manufactured Homes adopted by the Commissioner.

41 ...

42 (10a) Qualifier. – An individual taking the examination on behalf of a set-up
 43 contractor applicant, who is associated with the applicant and is actively
 44 engaged in the work of the applicant.

45"

46 **SECTION 7.(b)** G.S. 143-143.15(a) reads as rewritten:

47 "(a) Manufactured homes shall be set up in accordance with the standards entitled State
 48 of North Carolina Regulations for Manufactured Homes adopted by the Commissioner."

49 **SECTION 7.(c)** G.S. 143-143.21A(a)(5) is repealed.

50 **SECTION 7.(d)** G.S. 143-151(a) reads as rewritten:

1 "(a) Any person who is found by the Commissioner to have violated the provisions of the
2 Act, this Article, or any rules adopted under this Article, shall be liable for a civil penalty not to
3 exceed ~~one thousand dollars (\$1,000)~~ the amount set by 24 C.F.R. § 3282.10 for each violation.
4 Each violation shall constitute a separate violation for each manufactured home or for each failure
5 or refusal to allow or perform an act required by the Act, this Article, or any rules adopted under
6 this Article. The maximum civil penalty may not exceed ~~one million dollars (\$1,000,000)~~ the
7 amount set by 24 C.F.R. § 3282.10 for any related series of violations occurring within one year
8 after the date of the first violation. In determining the amount of the penalty, the Commissioner
9 shall consider the degree and extent of harm caused by the violation, the amount of money that
10 inured to the benefit of the violator as a result of the violation, whether the violation was willful,
11 and the prior record of the violator in complying or failing to comply with laws, rules, or orders
12 applicable to the violator. The clear proceeds of civil penalties provided for in this section shall
13 be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."
14

15 **PART VIII. LONG-TERM CARE INSURANCE TECHNICAL CHANGE UPDATING** 16 **PHONE NUMBER**

17 **SECTION 8.** G.S. 58-55-60(7) reads as rewritten:

18 "(7) A qualified policy issued, executed, and delivered in North Carolina shall be
19 accompanied by a Partnership Disclosure Notice explaining the benefits
20 associated with a qualified policy and indicating that at the time issued, the
21 policy is a qualified long-term care insurance partnership policy in North
22 Carolina. The Partnership Disclosure Notice shall also include a statement
23 indicating that by purchasing this partnership policy, the insured does not
24 automatically qualify for Medicaid. Notices providing additional information
25 may be used in conjunction with the Partnership Disclosure Notice described
26 in this section if filed and approved by the Commissioner. The Notice shall
27 state the following in at least 12-point font:

28 "Partnership Policy Status: Your long-term care insurance policy is intended
29 to qualify as a Partnership Policy under the North Carolina Long-Term Care
30 Partnership Program as of your policy's effective date. For Medicaid
31 applicants applying for help with the cost of long-term care, this means that
32 an amount of your resources equal to the dollar amount of long-term care
33 insurance benefits paid to you or on your behalf under this policy may be
34 disregarded for purposes of determining your eligibility for long-term care
35 Medicaid and from any subsequent recovery by the State from your estate for
36 payment of Medicaid paid services. The amount that may be disregarded at
37 eligibility will be equal to the amount of the long-term care partnership
38 benefits paid out prior to the time you apply for long-term care Medicaid. As
39 a result, you may qualify for coverage of the cost of your long-term care needs
40 under Medicaid without first being required to substantially exhaust your
41 personal resources. The amount that may be protected from recovery by the
42 State from your estate will be equal to the amount disregarded for purposes of
43 eligibility for long-term care Medicaid. If you are already a recipient of
44 long-term care Medicaid, this policy will not allow a resource disregard or
45 estate recovery resource protection. The purchase of a Partnership Policy does
46 not automatically qualify you for Medicaid.

47 Please note that this policy may lose long-term care partnership program status
48 if you move to a different state that does not recognize North Carolina's
49 Long-Term Care Partnership Program or you modify this policy after
50 issuance. This policy may also lose long-term care partnership program status
51 due to changes in federal or state laws.

1 If you have questions regarding long-term care insurance and the North
 2 Carolina Long-Term Care Partnership Program, you may contact the Seniors'
 3 Health Insurance Information Program of the Department of Insurance at
 4 ~~1-800-443-9354.~~ 1-855-408-1212."

5 In the case of a group insurance contract, this Partnership Disclosure Notice
 6 shall be provided to the insured upon the issuance of the certificate. The
 7 insurer shall include in that Notice that the amount of the insured's resources
 8 that may be disregarded at eligibility will be equal to the amount of qualified
 9 long-term care partnership policy benefits paid prior to the time the insured
 10 applied for long-term care Medicaid. The insurer shall also include in the
 11 notice a warning to the insured that the policy may lose long-term care
 12 partnership program status if the insured moves to another state that does not
 13 recognize North Carolina's Long-Term Care Partnership Program, or if the
 14 policy is modified after issuance."
 15

16 PART IX. CLARIFY EXCEPTION TO UNAUTHORIZED INSURER PROHIBITION

17 SECTION 9. G.S. 58-28-5(a) reads as rewritten:

18 "(a) Except as otherwise provided in this section, it is unlawful for any company to enter
 19 into a contract of insurance as an insurer or to transact insurance business in this State as set forth
 20 in G.S. 58-28-13 without a license issued by the Commissioner. This section does not apply to
 21 the following acts or transactions:

22 ...

- 23 (4) Transactions in this State involving group life insurance, group annuities, or
 24 group, blanket, or franchise accident and health insurance where the master
 25 policy for the insurance was lawfully issued and delivered in a state in which
 26 the company was authorized to transact ~~business-business, unless the~~
 27 company has had its license to conduct business in this State suspended or
 28 revoked.

29"
 30

31 PART X. AMEND STATE OF DISASTER PROVISIONS

32 SECTION 10. G.S. 58-2-46 reads as rewritten:

33 "**§ 58-2-46. State of disaster automatic stay of proof of loss requirements; premium and**
 34 **debt deferrals; loss adjustments for separate windstorm policies; deferrals.**

35 (a) Whenever (i) a state of disaster is proclaimed for the State or for an area within the
 36 State under G.S. 166A-19.21 or whenever the President of the United States has issued a major
 37 disaster declaration for the State or for an area within the State under the Stafford Act, 42 U.S.C.
 38 § 5121, et seq., as amended and (ii) if the Commissioner has issued an order declaring
 39 ~~subdivisions (1) through (4) of this section effective for the specific disaster:~~

- 40 (1) Proof of loss stayed. – The application of any provision in an insurance policy
 41 insuring real property and its contents that are located within the ~~geographic~~
 42 ~~area~~–designated area in the proclamation or declaration, which provision
 43 requires an insured to file a proof of loss within a certain period of time after
 44 the occurrence of the loss, shall be stayed for the time period not exceeding
 45 the earlier of (i) the expiration of the disaster proclamation or declaration and
 46 all renewals of the proclamation or (ii) the expiration of the Commissioner's
 47 order declaring ~~subdivisions (1) through (4) of this section effective for the~~
 48 ~~specific disaster, as determined by the Commissioner.~~disaster.

- 49 (2) Deferral of premium. – As used in this subdivision, "insurance company"
 50 includes a service corporation, HMO, MEWA, surplus lines insurer, and the
 51 underwriting associations under Articles 45 and 46 of this Chapter. ~~All~~Except

1 as provided in subsection (c) of this section, insurance companies, premium
2 finance companies, collection agencies, and other persons subject to this
3 Chapter shall give their customers who reside within the ~~geographic area~~
4 designated area in the proclamation or declaration the option of deferring
5 premium or debt payments that are due during the earlier of (i) ~~the time period~~
6 ~~covered by the proclamation or declaration or (ii) the time period covered by~~
7 the proclamation or declaration or (ii) the time period prior to the expiration
8 of the Commissioner's order declaring subdivisions (1) through (4) of this
9 section effective for the specific disaster, as determined by the Commissioner-
10 disaster. This deferral period shall be 30 days from the last day the premium
11 or debt payment may be made under the terms of the policy or contract. This
12 deferral period shall also apply to any statute, rule, or other policy or contract
13 provision that imposes a time limit serve to defer any time limits imposed on
14 an insurer, insured, claimant, or customer to perform any act during the time
15 period covered by the proclamation or declaration, including declaration as
16 may be required by any statute, rule, or other policy or contract provision and
17 does not require a request to defer. Included in the deferral of time limits is
18 the transmittal of information, information and communications, with respect
19 to insurance policies or contracts, premium finance agreements, or debt
20 instruments when the insurer, insured, claimant, or customer resides or is
21 located in the geographic area designated area in the proclamation or
22 declaration. Likewise, the deferral period shall apply to any time limitations
23 imposed on insurers under the terms of a policy or contract or provisions of
24 law related to individuals who reside within the geographic area designated
25 area in the proclamation or declaration. Likewise, the deferral period shall
26 apply to any time limitations imposed on insurers under the terms of a policy
27 or contract or provisions of law related to individuals who reside within the
28 geographic area designated in the proclamation or declaration. The
29 Commissioner may extend any deferral period in this subdivision, depending
30 on the nature and severity of the proclaimed or declared disaster. No additional
31 rate or contract filing shall be necessary to effect any deferral period.

32 (3) Health benefit plans. – With respect to health benefit plans, after a deferral
33 period has expired, all premiums in arrears shall be payable to the insurer. If
34 premiums in arrears are not paid, coverage shall lapse as of the date premiums
35 were paid up, and preexisting conditions shall apply as permitted under this
36 Chapter; and the insured shall be responsible for all medical expenses incurred
37 since the effective date of the lapse in coverage.

38 (4) Repealed by Session Laws 2014-115, s. 39.2, effective August 11, 2014.

39 (5) Collection agencies. – Except as provided in subsection (c) of this section,
40 collection agencies, as defined in Article 70 of this Chapter, shall discontinue
41 attempts to collect debt against their customers who reside within the
42 designated area in the proclamation or declaration during the deferral period.

43 (b) In addition to the requirements set forth in subdivisions (a)(1) and (a)(2) of this
44 section, the following shall apply to:

45 (1) Property and casualty insurance. – With respect to property and casualty
46 insurance companies and insurance policies that insure customers or
47 policyholders who reside in the designated area in the proclamation or
48 declaration described in subsection (a) of this section and who have been
49 displaced from their residences, the following provisions shall apply:

50 a. After a deferral period has expired, all premium payments in arrears
51 under a property and casualty insurance policy or contract shall be due

- 1 and payable to the insurance company. If the premium payments in
2 arrears are not paid, the insurance company may cancel the insurance
3 policy or contract on or after the fifteenth day following the expiration
4 of the deferral period. All cancellation notice requirements are still
5 applicable under this section.
- 6 b. All property and casualty insurance policies or contracts with a
7 properly noticed cancellation for nonpayment effective on or prior to
8 the date the Commissioner has issued an order under this section may
9 be cancelled and such cancellations shall remain valid and effective.
10 All cancellations for nonpayment of insurance policies or contracts
11 scheduled to be effective after the deferral period has commenced
12 must be deferred until the deferral period has expired. If necessary to
13 comply with statute, a cancellation deferred under this subsection must
14 be properly noticed again with an effective date after the expiration of
15 the deferral period. Cancellations for cause that have been properly
16 noticed, including cancellations for material misrepresentation or
17 ineligible risk, may continue to be processed during the deferral
18 period.
- 19 c. All property and casualty insurance policies or contracts with a
20 nonrenewal effective date on or prior to the date the Commissioner has
21 issued an order under this section may be processed. All property and
22 casualty insurance policies or contracts with a properly noticed
23 nonrenewal effective after the commencement of the deferred period
24 shall be deferred until the expiration of the deferral period. A
25 nonrenewal deferred under this subsection shall be properly noticed
26 again with an effective date after the expiration of the deferral period.
- 27 d. This subsection shall not apply to property and casualty insurance
28 policies or contracts entered into on or after the date the Commissioner
29 has issued an order declaring this section effective for the specific
30 disaster.
- 31 (2) Premium finance companies. – With respect to premium finance companies
32 and premium finance agreements that have financed property and casualty
33 insurance policies for customers or policyholders who reside in the designated
34 area in the proclamation or declaration and who have been displaced from
35 their residences, the following provisions shall apply:
- 36 a. After a deferral period has expired, all payments in arrears under a
37 premium finance agreement shall be due and payable to the premium
38 finance company. If the payments in arrears are not paid, the premium
39 finance company may cancel the premium finance agreement on or
40 after the fifteenth day following the expiration of the deferred period.
41 All cancellation notice requirements are still applicable under this
42 section.
- 43 b. All property and casualty insurance policies or contracts that were
44 financed by an insurance premium finance company with a properly
45 noticed cancellation for nonpayment effective on or prior to the date
46 the Commissioner has issued an order under this section may be
47 cancelled and such cancellations shall remain valid and effective.
- 48 c. This section shall not apply to premium finance agreements entered
49 into on or after the date the Commissioner has issued an order
50 declaring this section effective for the specific disaster.

1 (c) If the proclamation or declaration is the result of a public health emergency as
2 determined by the Secretary of the U.S. Department of Health and Human Services pursuant to
3 42 U.S.C. § 247d, or other situations where the Governor has, by executive order, ordered all
4 individuals in North Carolina to stay at home or at their place of residence, the following
5 provisions shall apply:

6 (1) Property and casualty insurance companies and premium finance companies.
7 – Property and casualty insurance companies and premium finance companies
8 subject to this Chapter shall give notice to their customers or policyholders
9 who reside within the designated area in the proclamation or declaration of
10 the option of deferring premium payments that are due during the time period
11 covered by the Commissioner's order declaring this section effective for a
12 specific public health emergency or situation that may require the citizens of
13 North Carolina to shelter in place. The deferral period shall be 30 days from
14 the last day the premium or debt payment may be made under the terms of the
15 policy or contract or premium finance agreement.

16 a. When providing notice to customers or policyholders of the option to
17 defer premium payments, property and casualty insurance companies
18 and premium finance companies shall do all of the following:

19 1. Advise their customers or policyholders of their right to defer
20 their premium and provide the steps required to defer their
21 premium.

22 2. Allow for deferral requests from customers or policyholders to
23 be communicated verbally or by electronic means. Written
24 requests for deferral shall not be required.

25 b. After required notification is provided, nonpayment will result in a
26 cancellation to be effective on or after the fifteenth day following the
27 expiration of the deferral period.

28 c. After a deferral period has expired, all premium payments in arrears
29 under a property and casualty insurance policy or premium finance
30 agreement shall be due and payable to the insurance company or
31 premium finance company. If the premium payments in arrears are not
32 paid, the property and casualty insurance company or premium finance
33 company may cancel the insurance policies or premium finance
34 agreements that were financed on or after the fifteenth day following
35 the expiration of the deferral period. All cancellation notice
36 requirements are still applicable under this section.

37 d. This section shall not apply to property and casualty insurance policies
38 or contracts entered into on or after the date the Commissioner has
39 issued an order under this section.

40 (2) Policy nonrenewals and cancellations not prohibited. – Nothing in this
41 subsection prohibits property and casualty insurance companies from not
42 renewing or cancelling a policy during a public health emergency or situation
43 that may require all individuals in North Carolina to stay at home.

44 (3) Collection agencies. – Collection agencies, as defined in Article 70 of this
45 Chapter, shall discontinue attempts to collect debt against their customers who
46 reside within the designated area in the proclamation or declaration during the
47 deferral period when the customer notifies the collection agency that he or she
48 is experiencing significant financial hardship related to the public health
49 emergency or stay at home order.

50 (4) Deferral period limited in applicability. – For a public health emergency or
51 situation that may require all individuals in North Carolina to stay at home,

1 the deferral period shall not apply to time limitations imposed by any statute,
2 rule, or other policy or contract provision or to the transmittal of information
3 or communications related to insurance policies, premium finance
4 agreements, or debt instruments, except as specifically provided for in this
5 subsection.

6 (5) Exclusions. – This subsection shall not apply to situations that involve enemy
7 attack, invasion, insurrection, riot, rebellion, revolution, civil war or
8 commotion, or military or usurped power.

9 (d) The Commissioner may extend any deferral period in this section, depending on the
10 nature and severity of the proclaimed or declared disaster or event. No additional rate or contract
11 filing shall be necessary to effect any deferral period."

12

13 **PART XI. EXPANSION OF PROGRAM ENHANCEMENTS**

14 **SECTION 11.** G.S. 58-36-43(a) reads as rewritten:

15 "(a) Member companies writing private passenger ~~automobile or homeowners'~~
16 automobile, homeowners', dwelling, or residential private flood insurance under this Article may
17 incorporate optional enhancements to their ~~automobile and homeowners'~~ automobile,
18 homeowners', dwelling, and residential private flood programs as an endorsement to an
19 ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private flood
20 policy issued under this Article if the insurer has filed the proposed enhancement with the
21 Commissioner and if the proposed enhancement is approved by the Commissioner. Any
22 approved optional enhancements shall be considered outside the authority of the Rate Bureau. If
23 the proposed enhancement will include an additional premium charge, the proposed premium
24 charge shall be included with the proposed program enhancements filed with the Commissioner.
25 The Commissioner shall review the proposed premium charges and approve them if the
26 Commissioner finds that they are based on sound actuarial principles. Amendments to private
27 passenger ~~automobile or homeowners'~~ automobile, homeowners', dwelling, or residential private
28 flood program enhancements are subject to the same requirements as initial filings. Neither the
29 acceptance, renewal of a policy, nor any underwriting rating criteria shall be conditioned by a
30 company upon the acceptance by the policyholder of any optional ~~automobile or homeowners'~~
31 automobile, homeowners', dwelling, or residential private flood enhancements. A rate
32 amendment authorized by this section is not a rate deviation and is not subject to the requirements
33 for rate deviations set forth in G.S. 58-36-30(a)."
34

35 **PART XII. TRAVEL INSURANCE EXCLUSIONS NOTICE**

36 **SECTION 12.** G.S. 58-44B-15 reads as rewritten:

37 "**§ 58-44B-15. Travel protection plans.**

38 Travel protection plans may be offered for one price for the combined permitted features as
39 defined in G.S. 58-44B-5 if the plan meets ~~all of~~ the following requirements:

- 40 (1) The travel protection plan clearly discloses to the consumer at or prior to the
41 time of purchase that it includes travel insurance, travel assistance services,
42 and cancellation fee waivers as applicable, and provides information and an
43 opportunity at or prior to the time of purchase for the consumer to obtain
44 additional information regarding the features and pricing of each.
- 45 (2) The fulfillment ~~materials:~~ materials shall do all of the following:
- 46 a. Describe and delineate the travel insurance, travel assistance services,
47 and cancellation fee waivers in the travel protection plan.
- 48 b. Include the travel insurance disclosures and the contact information
49 for persons providing travel assistance services and cancellation fee
50 waivers, as applicable.
- 51 c. Comply with the provisions of G.S. 58-44B-20(c)(2).

- 1 place of residence or principal place of business and is licensed to act as an
2 insurance producer.
- 3 (6) "Insurance" means any of the kinds of insurance in G.S. 58-7-15.
- 4 (7) "Insurance producer" or "producer" means a person required to be licensed
5 under this Article to sell, solicit, or negotiate insurance. "Insurance producer"
6 or "producer" includes an ~~agent, broker, and limited representative agent and~~
7 a broker.
- 8 (8) "License" means a document issued by the Commissioner authorizing a
9 person to act as an insurance producer for the ~~kinds of insurance lines of~~
10 authority specified in the document. The license itself does not create any
11 authority, actual, apparent, or inherent, in the holder to represent or commit
12 an insurance carrier.
- 13 (9) "Limited line credit insurance" includes any type of credit insurance written
14 under Article 57 of this Chapter, mortgage life, mortgage guaranty, mortgage
15 disability, automobile dealer gap insurance, and any other form of insurance
16 offered in connection with an extension of credit that is limited to partially or
17 wholly extinguishing that credit obligation and that the Commissioner
18 determines should be designated a form of limited line credit insurance.
- 19 (10) "Limited line credit insurance producer" means a person who sells, solicits, or
20 negotiates one or more forms of limited line credit insurance coverage to
21 individuals through a master, corporate, group, or individual policy.
- 22 (11) "Limited lines insurance" means motor vehicle physical damage insurance
23 and title insurance, or any other kind of insurance that the Commissioner
24 considers necessary to recognize for the purposes of complying with
25 G.S. 58-33-32(f).
- 26 (12) "Limited lines producer" means a person authorized by the Commissioner to
27 sell, solicit, or negotiate limited lines insurance.
- 28 (13) "Limited representative" means a person who is authorized by the
29 Commissioner to solicit or negotiate contracts for the particular ~~kinds of~~
30 ~~insurance lines of authority~~ identified in G.S. 58-33-26(g) and which kinds of
31 insurance are restricted in the scope of coverage afforded.
- 32 (14) "Motor vehicle damage appraiser" means an individual who, for salary, fee,
33 commission, or other compensation of any nature, regularly investigates or
34 advises relative to the nature and amount of damage to motor vehicles located
35 in this State or the amount of money deemed necessary to effect repairs thereto
36 and who is not:
- 37 a. An adjuster licensed to adjust insurance claims in this State;
- 38 b. An agent for an insurance company who is not required by law to be
39 licensed as an adjuster;
- 40 c. An attorney at law who is not required by law to be licensed as an
41 adjuster; or
- 42 d. An individual who, incident to his regular employment in the business
43 of repairing defective or damaged motor vehicles, investigates and
44 advises relative to the nature and amount of motor vehicle damage or
45 the amount of money deemed necessary to effect repairs thereto.
- 46 (15) "Negotiate" means the act of conferring directly with, or offering advice
47 directly to, a purchaser or prospective purchaser of a particular contract of
48 insurance concerning any of the substantive benefits, terms, or conditions of
49 the contract, only if the person engaged in that act either sells insurance or
50 obtains insurance from insurers for purchasers. "Negotiate" does not mean a

- 1 referral to a licensed insurance ~~agent or broker~~ producer that does not include
2 a discussion of specific insurance policy terms and conditions.
- 3 (16) "Person" means an individual or a business entity, but does not mean a county,
4 city, or other political subdivision of the State of North Carolina.
- 5 (17) "Sell" means to exchange a contract of insurance by any means, for money or
6 its equivalent, on behalf of an insurance company. "Sell" does not mean a
7 referral to a licensed insurance ~~agent or broker~~ producer that does not include
8 a discussion of specific insurance policy terms and conditions.
- 9 (18) "Solicit" means attempting to sell insurance or asking or urging a person to
10 apply for a particular kind of insurance from a particular company. "Solicit"
11 does not mean a referral to a licensed insurance ~~agent or broker~~ producer that
12 does not include a discussion of specific insurance policy terms and
13 conditions.
- 14 (19) "Terminate" means the cancellation of the relationship between an insurance
15 producer or limited representative and the insurer or the termination of a
16 producer's or limited representative's authority to transact insurance.
- 17 (20) "Uniform Business Entity Application" means the current version of the
18 NAIC Uniform Business Entity Application for resident and nonresident
19 business entities.
- 20 (21) "Uniform Application" means the current version of the NAIC Uniform
21 Application for resident and nonresident producer licensing.

22 **"§ 58-33-15. Restricted license for overseas military agents.**

23 Notwithstanding any other provision of this Article, an individual may be licensed by the
24 Commissioner as a foreign military sales agent to represent a life insurance company domiciled
25 in this State, provided the agent represents the insurance company only in a foreign country or
26 territory and either on a United States military installation or with United States military
27 personnel. The Commissioner may, upon request of the insurance company on application forms
28 furnished by the Commissioner and upon payment of the fee specified in G.S. 58-33-125, issue
29 to the applicant a restricted license which will be valid only for the representation of the insurance
30 company in a foreign country or territory and either on a United States military installation or
31 with United States military personnel. The insurance company shall certify to the Commissioner
32 that the applicant has the necessary training to hold himself out as a life insurance agent, and that
33 the insurance company is willing to be bound by the acts of the applicant within the scope of his
34 employment. ~~A restricted license issued under this section shall be renewed annually as provided~~
35 ~~in G.S. 58-33-25(n).~~

36 **"§ 58-33-17. Limited license for rental car companies.**

37 (a) As used in this section:

- 38 (1) "Limited licensee" means a person authorized to sell certain coverages
39 relating to the rental of motor vehicles pursuant to the provisions of this
40 section and Article 28 of Chapter 66 of the General Statutes.
- 41 (2) "Rental agreement" means any written agreement setting forth the terms and
42 conditions governing the use of a vehicle provided by the rental car company.
- 43 (3) "Rental car company" means any person in the business of providing vehicles
44 to the public.
- 45 (4) "Renter" means any person obtaining the use of a vehicle from a rental car
46 company under the terms of a rental agreement.
- 47 (5) "Vehicle" means a motor vehicle of the private passenger type including
48 passenger vans and minivans that are primarily intended for the transport of
49 persons.

50 (b) The Commissioner may issue to a rental car company, or to a franchisee of a rental
51 car company, that has complied with the requirements of this section, a limited license

1 authorizing the licensee, known as a "limited licensee" for the purpose of this Article, to act as
2 agent, with reference to the kinds of insurance specified in this section, of any insurer authorized
3 to write such kinds of insurance in this State.

4 (c) The prerequisites for issuance of a limited license under this section are the filing with
5 the Commissioner of the following:

6 (1) A written application, signed by an officer of the applicant, for the limited
7 license in such form or forms, and supplements thereto, and containing such
8 information, as the Commissioner may prescribe; and

9 (2) A certificate by the insurer that is to be named in such limited license, stating
10 that it has satisfied itself that the named applicant is trustworthy and
11 competent to act as its ~~insurance~~-agent for this limited purpose and that the
12 insurer will appoint such applicant to act as the agent in reference to the doing
13 of such kind or kinds of insurance as are permitted by this section, if the
14 limited license applied for is issued by the Commissioner. Such certificate
15 shall be subscribed by an officer or managing agent of such insurer and
16 affirmed as true under the penalties of perjury.

17 (d) In the event that any provision of this section is violated by a limited licensee, the
18 Commissioner may:

19 (1) Revoke or suspend a limited license issued under this section in accordance
20 with the provisions of G.S. 58-33-46; or

21 (2) After notice and hearing, impose such other penalties, including suspending
22 the transaction of insurance at specific rental locations where violations of this
23 Article have occurred, as the Commissioner deems to be necessary or
24 convenient to carry out the purposes of this section.

25 (e) The rental car company or franchisee licensed pursuant to subsection (b) of this
26 section may act as agent for an authorized insurer only in connection with the rental of vehicles
27 and only with respect to the following kinds of insurance:

28 (1) Excess liability insurance that provides coverage to the rental car company or
29 franchisee and renters and other authorized drivers of rental vehicles, in excess
30 of the standard liability limits provided by the rental car company in its rental
31 agreement, for liability arising from the negligent operation of the rental
32 vehicle;

33 (2) Accident and health insurance that provides coverage to renters and other
34 vehicle occupants for accidental death or dismemberment and for medical
35 expenses resulting from an accident that occurs during the rental period;

36 (3) Personal effects insurance that provides coverage to renters and other vehicle
37 occupants for the loss of, or damage to, personal effects that occurs during the
38 rental period; or

39 (4) Any other coverage that the Commissioner may approve as meaningful and
40 appropriate in connection with the rental of vehicles.

41 (f) No insurance may be issued pursuant to this section unless:

42 (1) The rental period of the rental agreement does not exceed 30 consecutive days;
43 and

44 (2) At every rental car location where rental car agreements are executed,
45 brochures or other written materials are readily available to the prospective
46 renter that:

47 a. Summarize, clearly and correctly, the material terms of insurance
48 coverage, including the identity of the insurer, offered to renters;

49 b. Disclose that these policies offered by the rental car company may
50 provide a duplication of coverage already provided by a renter's

1 personal automobile insurance policy, homeowner's insurance policy,
2 personal liability insurance policy, or other source of coverage;
3 c. State that the purchase by the renter of the kinds of insurance specified
4 in this section is not required in order to rent a vehicle;
5 d. Describe the process for filing a claim in the event the renter elects to
6 purchase coverage and in the event of a claim; and
7 e. Contain any additional information on the price, benefits, exclusions,
8 conditions or other limitations of such policies as the Commissioner
9 may by regulation prescribe; and
10 (3) Evidence of coverage is provided to every renter who elects to purchase such
11 coverage.

12 (g) Any limited license issued under this section shall also authorize any salaried
13 employee of the licensee who, pursuant to subsection (h) of this section, is trained to act
14 individually on behalf, and under the supervision, of the licensee with respect to the kinds of
15 insurance specified in this section.

16 (h) Each rental car company or franchisee licensed pursuant to this section shall conduct
17 a training program which shall be submitted to the commissioner for approval prior to use and
18 which shall meet the following minimum standards:

- 19 (1) Each trainee shall receive basic instruction about the kinds of insurance
20 specified in this section offered for purchase by prospective renters of rental
21 vehicles;
- 22 (2) Each trainee shall be instructed to acknowledge to a prospective renter of a
23 rental vehicle that purchase of any such insurance specified in this section is
24 not required in order for the renter to rent a vehicle; and
- 25 (3) Each trainee shall be instructed to acknowledge to a prospective renter of a
26 rental vehicle that the renter may have insurance policies that already provide
27 the coverage being offered by the rental car company pursuant to this section.

28 (i) Limited licensees acting pursuant to and under the authority of this section shall
29 comply with all applicable provisions of this Article, except that notwithstanding any other
30 provision of this Article, or any rule adopted by the Commissioner, a limited licensee pursuant
31 to this section shall not be required to treat premiums collected from renters purchasing such
32 insurance when renting vehicles as funds received in a fiduciary capacity, provided that:

- 33 (1) The insurer represented by the limited licensee has consented in writing,
34 signed by the insurer's officer, that premiums need not be segregated from
35 funds received by the rental car company on account of vehicle rental; and
- 36 (2) The charges for insurance coverage are itemized but not billed to the renter
37 separately from the charges for rental vehicles.

38 (j) No limited licensee under this section shall advertise, represent, or otherwise hold
39 itself or any of its employees themselves out as licensed insurance ~~agents or brokers~~ producers.

40 **"§ 58-33-18. Limited license for self-service storage companies.**

41 (a) As used in this section:

- 42 (1) "Limited licensee" means a person authorized to sell certain coverages
43 relating to the rental of self-service storage units pursuant to the provisions of
44 this section and Article 39 of Chapter 66 of the General Statutes.
- 45 (2) "Rental agreement" means any written agreement setting forth the terms and
46 conditions governing the use of a storage unit provided by the owner of a
47 self-service storage facility company.
- 48 (3) "Self-service storage company" means any person in the business of renting
49 storage units to the public.
- 50 (4) "Renter" or "occupant" means any person obtaining the use of a storage unit
51 from a self-service storage company under the terms of a rental agreement.

1 (5) "Storage unit" means a semienclosed or fully enclosed area, room, or space
2 that is primarily intended for the storage of personal property and which shall
3 be accessible by the renter of the unit pursuant to the terms of the rental
4 agreement.

5 (b) The Commissioner may issue to a self-service storage company, or to a franchisee of
6 a self-service storage company, that has complied with the requirements of this section a limited
7 license authorizing the licensee, known as a "limited licensee" for the purpose of this Article, to
8 act as agent, with reference to the kinds of insurance specified in this section of any insurer
9 authorized to write such kinds of insurance in this State.

10 (c) The prerequisites for issuance of a limited license under this section are the filing with
11 the Commissioner of the following:

12 (1) A written application, signed by an officer of the applicant, for the limited
13 license in such form or forms, and supplements thereto, and containing such
14 information as the Commissioner may prescribe; and

15 (2) A certificate by the insurer that is to be named in such limited license, stating
16 that it has satisfied itself that the named applicant is trustworthy and
17 competent to act as its ~~insurance~~ agent for this limited purpose and that the
18 insurer will appoint such applicant to act as the agent in reference to the doing
19 of such kind or kinds of insurance as are permitted by this section if the limited
20 license applied for is issued by the Commissioner. Such certificate shall be
21 subscribed by an officer or managing agent of such insurer and affirmed as
22 true under the penalties of perjury.

23 (d) In the event that any provision of this section is violated by a limited licensee, the
24 Commissioner may:

25 (1) Revoke or suspend a limited license issued under this section in accordance
26 with the provisions of G.S. 58-33-46; or

27 (2) After notice and hearing, impose such other penalties, including suspending
28 the transaction of insurance at specific rental locations where violations of this
29 Article have occurred, as the Commissioner deems to be necessary or
30 convenient to carry out the purposes of this section.

31 (e) The self-service storage company or franchisee licensed pursuant to subsection (b) of
32 this section may act as agent for an authorized insurer only in connection with the rental of storage
33 units and only with respect to the following kinds of insurance:

34 (1) Personal effects insurance that provides coverage to renters of storage units at
35 the same facility for the loss of, or damage to, personal effects that occurs at
36 the same facility during the rental period; or

37 (2) Any other coverage that the Commissioner may approve as meaningful and
38 appropriate in connection with the rental of storage units.

39 (f) No insurance may be issued pursuant to this section unless:

40 (1) The rental period of the rental agreement does not exceed two years; and

41 (2) At every self-service storage location where self-service storage agreements
42 are executed, brochures or other written materials are readily available to the
43 prospective renter that:

44 a. Summarize, clearly and correctly, the material terms of insurance
45 coverage, including the identity of the insurer, offered to renters;

46 b. Disclose that these policies offered by the self-service storage
47 company may provide a duplication of coverage already provided by
48 a renter's homeowners' insurance policy, personal liability insurance
49 policy, or other source of coverage;

50 c. State that the purchase by the renter of the kinds of insurance specified
51 in this section is not required in order to rent a storage unit;

1 d. Describe the process for filing a claim in the event the renter elects to
2 purchase coverage and in the event of a claim; and
3 e. Contain any additional information on the price, benefits, exclusions,
4 conditions, or other limitations of such policies as the Commissioner
5 may by regulation prescribe; and

6 (3) Evidence of coverage is provided to every renter who elects to purchase such
7 coverage.

8 (g) Any limited license issued under this section shall also authorize any employee of the
9 licensee who is trained, pursuant to subsection (h) of this section, to act individually on behalf,
10 and under the supervision, of the licensee with respect to the kinds of insurance specified in this
11 section.

12 (h) Each self-service storage company or franchisee licensed pursuant to this section shall
13 conduct a training program which shall be submitted to the Commissioner for approval prior to
14 use and which shall meet the following minimum standards:

15 (1) Each trainee shall receive basic instruction about the kinds of insurance
16 specified in this section offered for purchase by prospective renters of storage
17 units;

18 (2) Each trainee shall be instructed to acknowledge to a prospective renter of a
19 storage unit that purchase of any such insurance specified in this section is not
20 required in order for the renter to rent a storage unit; and

21 (3) Each trainee shall be instructed to acknowledge to a prospective renter of a
22 storage unit that the renter may have insurance policies that already provide
23 the coverage being offered by the self-service storage company pursuant to
24 this section.

25 (i) Limited licensees acting pursuant to and under the authority of this section shall
26 comply with all applicable provisions of this Article, except that notwithstanding any other
27 provision of this Article, or any rule adopted by the Commissioner, a limited licensee pursuant
28 to this section shall not be required to treat premiums collected from renters purchasing such
29 insurance when renting storage units as funds received in a fiduciary capacity, provided that:

30 (1) The insurer represented by the limited licensee has consented in writing,
31 signed by the insurer's officer, that premiums need not be segregated from
32 funds received by the self-service storage company on account of storage unit
33 rental; and

34 (2) The charges for insurance coverage are itemized but not billed to the renter
35 separately from the charges for storage units.

36 (j) No limited licensee under this section shall advertise, represent, or otherwise hold
37 itself or any of its employees out as licensed insurance ~~agents or brokers.~~ producers. No renter or
38 occupant may be required to obtain insurance under this section as a condition of obtaining a
39 rental agreement for a storage unit. The renter shall be informed that the insurance offered under
40 this section is not required as a condition for obtaining a rental agreement for a storage unit.

41 ...

42 **"§ 58-33-20. Representation.**

43 (a) Every ~~agent~~ insurance producer or limited representative ~~who~~ who, on behalf of an
44 insurer, solicits or negotiates an application for insurance of any kind, in any controversy between
45 the insured or his beneficiary and the insurer, is regarded as representing the insurer and not the
46 insured or his beneficiary. This provision does not affect the apparent authority of an agent.

47 (b) Every ~~broker who~~ insurance producer who, acting as a broker, solicits an application
48 for insurance of any kind, in any controversy between the insured or his beneficiary and the
49 insurer issuing any policy upon such application, is regarded as representing the insured or his
50 beneficiary and not the insurer; except any insurer that directly or through its agents delivers in
51 this State to any ~~insurance~~ broker a policy of insurance pursuant to the application or request of

1 such broker, acting for an insured other than himself, is deemed to have authorized such broker
 2 to receive on its behalf payment of any premium that is due on such policy of insurance at the
 3 time of its issuance or delivery.

4 ...

5 **"§ 58-33-26. General license requirements.**

6 (a) No person shall act as or hold himself or herself out to be an ~~agent, broker, insurance~~
 7 ~~producer,~~ limited representative, adjuster, or motor vehicle damage appraiser unless duly
 8 licensed.

9 (b) No ~~agent, broker, insurance producer~~ or limited representative shall make application
 10 for, procure, negotiate for, or place for others, any policies for any ~~kinds of insurance lines of~~
 11 ~~authority~~ as to which that person is not then qualified and duly licensed.

12 (c) ~~Effective for new licenses issued before January 1, 2008, an agent or broker may be~~
 13 ~~licensed for the following kinds of insurance:~~

14 (1) ~~Life and health insurance, meaning:~~

15 a. ~~Life insurance coverage on human lives, including benefits of~~
 16 ~~endowment and annuities, and may include benefits in the event of~~
 17 ~~death or dismemberment by accident and benefits for disability~~
 18 ~~income.~~

19 b. ~~Variable life and variable annuity products insurance coverage~~
 20 ~~provided under variable life insurance contracts and variable annuities.~~

21 c. ~~Accident and health or sickness insurance coverage for sickness,~~
 22 ~~bodily injury, or accidental death and may include benefits for~~
 23 ~~disability income.~~

24 (2) ~~Property and liability insurance, meaning:~~

25 a. ~~Coverage for the direct or consequential loss or damage to property of~~
 26 ~~every kind.~~

27 b. ~~Coverage against legal liability, including that for death, injury, or~~
 28 ~~disability or damage to real or personal property.~~

29 (3) ~~Personal lines, meaning property and liability insurance coverage sold to~~
 30 ~~individuals and families for primarily noncommercial purposes.~~

31 (4) ~~Medicare supplement insurance and long term care insurance, as a~~
 32 ~~supplement to a license for the kinds of insurance listed in subdivision (1) of~~
 33 ~~this subsection.~~

34 ~~These lines of authority shall remain applicable for holders of these licenses~~
 35 ~~until the Commissioner provides applicable replacement licenses under the~~
 36 ~~new lines that will go into effect for new licenses on January 1, 2008.~~
 37 ~~Replacement licenses shall grant authority comparable to the licenses being~~
 38 ~~replaced.~~

39 (c1) Effective for licenses issued on or after January 1, 2008, an ~~agent or broker insurance~~
 40 ~~producer~~ may be licensed for the following ~~kinds of insurance:~~ lines of authority:

41 (1) Accident and health or sickness. – Insurance coverage for sickness, bodily
 42 injury, or accidental death and may include benefits for disability income.

43 (2) Casualty. – Insurance coverage against legal liability, including that for death,
 44 injury, or disability, or damage to real or personal property.

45 (3) Limited ~~line~~ lines insurance.

46 (4) Life. – Insurance coverage on human lives, including benefits in the event of
 47 death or dismemberment by accident and benefits for disability income.

48 (5) Medicare supplement insurance and long-term care insurance, as a
 49 supplement to a license for the ~~kinds of insurance~~ line of authority listed in
 50 subdivision (1) of this subsection.

- 1 (6) Personal lines. – Property and casualty insurance coverage sold to individuals
2 and families for primarily noncommercial purposes.
- 3 (7) Property. – Insurance coverage for the direct or consequential loss or damage
4 to property of every kind.
- 5 (8) Variable life and variable annuity products. – Insurance coverage provided
6 under variable life insurance contracts and variable annuities.
- 7 (9) Any other kind of insurance permitted under State laws or administrative
8 rules.
- 9 (d) A person holding a license or licenses for the ~~kind or kinds of insurance lines of~~
10 authority specified in subsection (c1) of this section may sell, solicit, or negotiate only the kind
11 or ~~kinds of insurance lines of authority~~ for which that person is licensed.
- 12 (e) A variable life and variable annuity products license authorizes a resident ~~agent~~
13 insurance producer to sell, solicit, or negotiate variable contracts if the ~~agent insurance producer~~
14 satisfies the Commissioner that the agent insurance producer has met the FINRA requirements
15 of the Secretary of State of North Carolina.
- 16 (f) An accident and health or sickness license authorizes a resident ~~agent insurance~~
17 producer to sell, solicit, or negotiate Medicare supplement and long-term care insurance policies
18 as defined respectively in Articles 54 and 55 of this Chapter, provided that the licensee takes and
19 passes a supplemental written examination for the insurance as provided in G.S. 58-33-30(e) and
20 pays the supplemental registration fee provided in G.S. 58-33-125(c).
- 21 (g) The Commissioner may issue one or more licenses without examination to individuals
22 for limited lines insurance per qualifications and application procedures defined in the
23 administrative rules.
- 24 (h) No licensed ~~agent, broker, insurance producer~~ or limited representative shall sell,
25 solicit, or negotiate anywhere in the boundaries of this State, or receive or transmit an application
26 or premium of insurance, for a company not licensed to do business in this State, except as
27 provided in G.S. 58-28-5 and Article 21 of this Chapter.
- 28 (i) No ~~agent insurance producer~~ shall place a policy of insurance with any insurer unless
29 the ~~agent insurance producer~~ has a current appointment as agent for the insurer in accordance
30 with G.S. 58-33-40 or has a valid temporary license issued in accordance with G.S. 58-33-66.
- 31 (j) A business entity that sells, solicits, or negotiates insurance shall be licensed in
32 accordance with G.S. 58-33-31(b). Every member of the partnership and every officer, director,
33 stockholder, and employee of the business entity personally engaged in this State in selling,
34 soliciting, or negotiating policies of insurance shall qualify as an individual licensee. A business
35 entity license shall expire on March 31 of each year unless the business entity pays the renewal
36 fee.
- 37 (k) The license shall state the name and an identifying number of the licensee, date of
38 issue, ~~kind or kinds of insurance line or lines of authority~~ covered by the license, and any other
39 information as the Commissioner deems to be proper.
- 40 (l) A license issued to an ~~agent insurance producer~~ authorizes him to act until his license
41 is otherwise suspended or revoked. Upon the suspension or revocation of a license, the licensee
42 or any person having possession of such license shall return it to the Commissioner.
- 43 (m) A license of a ~~broker~~, limited representative, adjuster, or motor vehicle damage
44 appraiser shall be renewed on April 1 each year, and renewal fees shall be paid. The
45 Commissioner is not required to print licenses for the purpose of renewing licenses. The
46 Commissioner may establish for licenses "staggered" license renewal dates that will apportion
47 renewals throughout each calendar year. If the system of staggered licensing is adopted, the
48 Commissioner may extend the licensure period for some licensees. License renewal fees
49 prescribed by G.S. 58-33-125 shall be prorated to the extent they are commensurate with
50 extensions.

- 1 (n) A license as an insurance producer or limited representative is not required of the
2 following:
- 3 (1) An officer, director, or employee of an insurer or of an insurance ~~producer,~~
4 producer or limited representative, provided that the officer, director, or
5 employee does not receive any commission on policies written or sold to
6 insure risks residing, located, or to be performed in this State, except for
7 indirect receipt of proceeds of commissions in the form of salary, benefits, or
8 distributions, and:
- 9 a. The officer, director, or employee's activities are executive,
10 administrative, managerial, clerical, or a combination of these, and are
11 only indirectly related to the sale, solicitation, or negotiation of
12 insurance; or
- 13 b. The officer, director, or employee's function relates to underwriting,
14 loss control, inspection, or the processing, adjusting, investigating, or
15 settling of a claim on a contract of insurance; or
- 16 c. The officer, director, or employee is acting in the capacity of a special
17 agent or agency supervisor assisting insurance producers where the
18 person's activities are limited to providing technical advice and
19 assistance to licensed insurance producers and do not include the sale,
20 solicitation, or negotiation of insurance.
- 21 (2) A person who secures and furnishes information for the purpose of group life
22 insurance, group property and casualty insurance, group annuities, group or
23 blanket accident and health insurance; or for the purpose of enrolling
24 individuals under plans; issuing certificates under plans or otherwise assisting
25 in administering plans; or performs administrative services related to
26 mass-marketed property and casualty insurance; where no commission is paid
27 to the person for the service.
- 28 (3) An employer or association or its officers, directors, employees, or the trustees
29 of an employee trust plan, to the extent that the employers, officers,
30 employees, director, or trustees are engaged in the administration or operation
31 of a program of employee benefits for the employer's or association's own
32 employees or the employees of its subsidiaries or affiliates, which program
33 involves the use of insurance issued by an insurer, as long as the employers,
34 associations, officers, directors, employees, or trustees are not in any manner
35 compensated, directly or indirectly, by the company issuing the contracts.
- 36 (4) Employees of insurers or organizations employed by insurers who are
37 engaging in the inspection, rating, or classification of risks, or in the
38 supervision of the training of insurance producers and who are not
39 individually engaged in the sale, solicitation, or negotiation of insurance.
- 40 (5) A person whose activities in this State are limited to advertising without the
41 intent to solicit insurance in this State through communications in printed
42 publications or other forms of electronic mass media whose distribution is not
43 limited to residents of this State, provided that the person does not sell, solicit,
44 or negotiate insurance that would insure risks residing, located, or to be
45 performed in this State.
- 46 (6) A person who is not a resident of this State who sells, solicits, or negotiates a
47 contract of insurance for commercial property and casualty risks to an insured
48 with risks located in more than one state insured under that contract, provided
49 that that person is otherwise licensed as an insurance producer to sell, solicit,
50 or negotiate that insurance in the state where the insured maintains its

1 principal place of business and the contract of insurance insures risks located
2 in that state.

3 (7) A salaried full-time employee who counsels or advises his or her employer
4 relative to the insurance interests of the employer or of the subsidiaries or
5 business affiliates of the employer provided that the employee does not sell or
6 solicit insurance or receive a commission.

7 (8) Licensed insurers authorized to write the kinds of insurance described in
8 G.S. 58-7-15(1) through G.S. 58-7-15(3) that do business without the
9 involvement of a licensed agent.

10 (9) A person indirectly receiving proceeds of commissions as part of the transfer
11 of insurance business or in the form of retirement or similar benefits.

12 (o) Nothing in this Article requires an insurer to obtain an insurance producer license. In
13 this subsection, "insurer" does not include an insurer's officers, directors, employees,
14 subsidiaries, or affiliates.

15 (p) An individual shall not simultaneously hold ~~a property, casualty, or personal lines~~
16 ~~insurance license~~ an insurance producer license with casualty, personal lines, or property lines of
17 authority and an adjuster's license in this State. An individual who holds ~~a property, casualty, or~~
18 ~~personal lines insurance license~~ an insurance producer license with casualty, personal lines, or
19 property lines of authority may apply for an adjuster license without having to take the adjuster
20 examination in G.S. 58-33-30(e) if the individual applies for the adjuster license within 60 days
21 after surrendering ~~the property, casualty, or personal lines insurance license~~ an insurance
22 producer license with casualty, personal lines, or property lines of authority. An individual who
23 holds an adjuster license may apply for ~~a property and liability insurance license~~ an insurance
24 producer license with casualty, personal lines, or property lines of authority without having to
25 take the ~~property and liability insurance agent~~ casualty, personal lines, or property insurance
26 producer examination in G.S. 58-33-30(e) if the individual applies for ~~the property, casualty, or~~
27 ~~personal lines insurance license~~ an insurance producer license with casualty, personal lines, or
28 property lines of authority within 60 days after surrendering the adjuster license.

29 **"§ 58-33-27. Claims handling for portable consumer electronic devices.**

30 (a) As used in this section, the following definitions apply:

31 (1) "Automated claims adjudication system" means a preprogrammed computer
32 system designed for the collection, data entry, calculation, and
33 system-generated final resolution of claims on insurance policies that cover
34 only portable consumer electronic devices, which system shall meet the
35 following criteria:

- 36 a. Be utilized only by a licensed adjuster, licensed ~~agent~~ insurance
37 producer, or supervised individuals operating pursuant to this section.
38 b. Comply with all claims payment requirements of this Chapter.
39 c. Be certified as compliant with this section by a licensed adjuster who
40 is an officer of a licensed business entity under this Chapter.

41 (2) "Portable consumer electronic devices" include the following, which must be
42 easily carried or conveyed by hand: smartphones, navigation devices, cellular
43 phones, personal digital assistants, iPads, iPhones, Androids, video games,
44 wireless reading devices, laptops, tablets, netbooks, MP3 players, digital
45 cameras, and other electronic devices that are portable in nature, their
46 accessories, and services related to the use of the device.

47 (b) No adjuster license is required for an individual who, in connection with insurance
48 covering only portable consumer electronic devices as defined in subdivision (a)(2) of this
49 section, collects claim information from or furnishes claim information to insureds, who conducts
50 data entry, including entering data into an automated claims adjudication system, and who does
51 not exercise any discretion in the disposition of the portable consumer electronic device claim;

1 provided that the individual is supervised by a licensed adjuster or licensed ~~agent-insurance~~
2 producer and there are no more than 25 individuals who may adjust claims under the supervision
3 of the licensed adjuster or licensed ~~agent-insurance producer~~. No ~~agent-insurance producer~~ acting
4 as a supervisor pursuant to this section is required to be licensed as an adjuster.

5 (c) If other property losses occur in conjunction with the loss associated with the portable
6 consumer electronic device, the individual who performs duties as described in G.S. 58-33-10(2)
7 on the total loss, including the loss associated with the portable consumer electronic device, must
8 hold an adjuster's license.

9 **"§ 58-33-30. License requirements.**

10 The Commissioner shall not issue or continue any license of an ~~agent, broker, insurance~~
11 producer, limited representative, adjuster, or motor vehicle damage appraiser except as follows:

12 (a) Application. – The applicable license application requirements of G.S. 58-33-31 shall
13 be satisfied.

14 (b), (c) Repealed by Session Laws 2001-203, s. 7, effective July 1, 2002.

15 (d) Education and Training. -

16 (1) Each applicant must have had special education, training, or experience of
17 sufficient duration and extent reasonably to satisfy the Commissioner that the
18 applicant possesses the competence necessary to fulfill the responsibilities of
19 an ~~agent, broker, insurance producer, limited representative, adjuster, or motor~~
20 vehicle damage appraiser.

21 (2) All individual applicants for licensing as ~~agents-insurance producers~~ under
22 G.S. 58-33-26(c1)(1), (2), (4), (6), or (7) shall furnish evidence satisfactory to
23 the Commissioner of successful completion of at least 20 hours of instruction
24 for each license, which shall in all cases include the general principles of
25 insurance and any other topics relevant to the license that the Commissioner
26 establishes by administrative rules. Any applicant who submits satisfactory
27 evidence of having successfully completed ~~an agent-a producer~~ training course
28 that has been approved by the Commissioner and that is offered by or under
29 the auspices of a ~~property or liability or life or health property, casualty, life~~
30 or accident and health or sickness insurance company admitted to do business
31 in this State or a professional insurance association shall be deemed to have
32 satisfied the educational requirements of this subdivision.

33 (3) Each resident applicant for a Medicare supplement and long-term care
34 insurance license shall furnish evidence satisfactory to the Commissioner of
35 successful completion of 10 hours of instruction, which shall in all cases
36 include the principles of Medicare supplement and long-term care insurance
37 and federal and North Carolina law relating to such insurance. A resident
38 applicant who submits satisfactory evidence of having successfully completed
39 ~~an agent-a producer~~ training course that has been approved by the
40 Commissioner and that is offered by or under the auspices of a licensed life or
41 health insurer or a professional insurance association satisfies the educational
42 requirements of this subdivision.

43 (e) Examination. -

44 (1) After completion and filing of the application with the Commissioner, the
45 Commissioner shall require each applicant for license as an ~~agent-insurance~~
46 producer or an adjuster to take an examination as to the applicant's
47 competence to be licensed. The applicant must take and pass the examination
48 according to requirements prescribed by the Commissioner. This subsection
49 shall not apply to adjusters who adjust only federal crop insurance claims and
50 are certified in accordance with subdivision (2a) of this subsection.

- 1 (2) The Commissioner may require any licensed ~~agent~~, insurance producer,
2 adjuster, or motor vehicle damage appraiser to take and successfully pass an
3 examination in writing, testing his competence and qualifications as a
4 condition to the continuance or renewal of his license, if the licensee has been
5 found guilty of any violation of any provision of this Chapter. If an individual
6 fails to pass such an examination, the Commissioner shall revoke all licenses
7 issued in his name and no license shall be issued until such individual has
8 passed an examination as provided in this Article.
- 9 (2a) Adjusters who adjust federal crop insurance claims shall be certified as having
10 passed a proficiency examination approved by the federal Risk Management
11 Agency (RMA) as a condition of obtaining an adjuster's license under this
12 Chapter or another proficiency examination approved by the Commissioner.
13 An adjuster who intends to adjust crop insurance claims shall furnish the
14 Commissioner proof that the adjuster is certified as having passed the required
15 examination pursuant to this section.
- 16 (3) Each examination shall be as the Commissioner prescribes and shall be of
17 sufficient scope to test the applicant's knowledge of:
- 18 a. The terms and provisions of the policies or contracts of insurance the
19 applicant proposes to effect; or
20 b. The types of claims or losses the applicant proposes to adjust; and
21 c. The duties and responsibilities of the license; and
22 d. The current laws of this State applicable to the license.
- 23 (4) The answers of the applicant to the examination shall be provided by the
24 applicant under the Commissioner's supervision. The Commissioner shall
25 give examinations at such times and places within this State as the
26 Commissioner considers necessary reasonably to serve the convenience of
27 both the Commissioner and applicants: Provided that the Commissioner may
28 contract directly with persons for the processing of examination application
29 forms and for the administration and grading of the examinations required by
30 this section; the Commissioner may charge a reasonable fee in addition to the
31 registration fee charged under G.S. 58-33-125, to offset the cost of the
32 examination contract authorized by this subsection; and such contracts shall
33 not be subject to Article 3 of Chapter 143 of the General Statutes. However,
34 the Commissioner shall: (i) submit all proposed agreements or contracts for
35 supplies, materials, printing, equipment, and contractual services that exceed
36 one million dollars (\$1,000,000) authorized by this subdivision to the
37 Attorney General or the Attorney General's designee for review as provided
38 in G.S. 114-8.3; and (ii) include in all contracts to be awarded by the
39 Commissioner under this subdivision a standard clause which provides that
40 the State Auditor and internal auditors of the Commissioner may audit the
41 records of the contractor during and after the term of the contract to verify
42 accounts and data affecting fees and performance. The Commissioner shall
43 not award a cost plus percentage of cost contract for any purpose.
- 44 (5) The Commissioner shall collect in advance the examination and registration
45 fees provided in G.S. 58-33-125 and in subsection (4) of this section. The
46 Commissioner shall make or cause to be made available to all applicants, for
47 a reasonable fee to offset the costs of production, materials that he considers
48 necessary for the applicants' proper preparation for examinations. The
49 Commissioner may contract directly with publishers and other suppliers for
50 the production of the preparatory materials, and contracts so let by the
51 Commissioner shall not be subject to Article 3 of Chapter 143 of the General

1 Statutes. However, the Commissioner shall: (i) submit all proposed contracts
2 for supplies, materials, printing, equipment, and contractual services that
3 exceed one million dollars (\$1,000,000) authorized by this subdivision to the
4 Attorney General or the Attorney General's designee for review as provided
5 in G.S. 114-8.3; and (ii) include in all contracts to be awarded by the
6 Commissioner under this subdivision a standard clause which provides that
7 the State Auditor and internal auditors of the Commissioner may audit the
8 records of the contractor during and after the term of the contract to verify
9 accounts and data affecting fees and performance. The Commissioner shall
10 not award a cost plus percentage of cost contract for any purpose.

11 (6) In addition to the examinations for the ~~kinds of insurance lines of authority~~
12 ~~specified in G.S. 58-33-25(e)(1) and (2), G.S. 58-33-26(c1)(1)~~ before any
13 resident may sell Medicare supplement or long-term care insurance policies
14 defined respectively in Articles 54 and 55 of this Chapter, the resident must
15 take and pass a supplemental written examination according to requirements
16 prescribed by the Commissioner.

17 (7) An individual who fails to appear for the examination as scheduled or fails to
18 pass the examination shall reapply for an examination and remit all required
19 fees and forms before being rescheduled for another examination.

20 (f) ~~Brokers.~~

21 (1) ~~Bond. Prior to issuance of a license as a broker, the applicant shall file with~~
22 ~~the Commissioner and thereafter, for as long as the license remains in effect,~~
23 ~~shall keep in force a bond in favor of the State of North Carolina for the use~~
24 ~~of aggrieved parties in the sum of not less than fifteen thousand dollars~~
25 ~~(\$15,000), executed by an authorized corporate surety approved by the~~
26 ~~Commissioner. The aggregate liability of the surety for any and all claims on~~
27 ~~any such bond shall in no event exceed the sum thereof. The bond shall be~~
28 ~~conditioned on the accounting by the broker (i) to any person requesting the~~
29 ~~broker to obtain insurance for moneys or premiums collected in connection~~
30 ~~therewith, (ii) to any licensed insurer or agent who provides coverage for such~~
31 ~~person with respect to any such moneys or premiums, and (iii) to any premium~~
32 ~~finance company or to any association of insurers under any plan or plans for~~
33 ~~the placement of insurance under the laws of North Carolina which afforded~~
34 ~~coverage for such person with respect to any such moneys or premiums. No~~
35 ~~such bond shall be terminated unless at least 30 days' prior written notice~~
36 ~~thereof is given by the surety to the licensee and the Commissioner. Upon~~
37 ~~termination of the license for which the bond was in effect, the Commissioner~~
38 ~~shall notify the surety within 10 business days. A person required by this~~
39 ~~subdivision to maintain a bond may, in lieu of that bond, deposit with the~~
40 ~~Commissioner the equivalent amount in cash, in certificates of deposit issued~~
41 ~~by banks organized under the laws of the State of North Carolina, or any~~
42 ~~national bank having its principal office in North Carolina, or securities, which~~
43 ~~shall be held in accordance with Article 5 of this Chapter. Securities may only~~
44 ~~be obligations of the United States or of federal agencies listed in G.S. 147-~~
45 ~~69.1(c)(2) guaranteed by the United States, obligations of the State of North~~
46 ~~Carolina, or obligations of a city or county of this State. Any proposed deposit~~
47 ~~of an obligation of a city or county of this State is subject to the prior approval~~
48 ~~of the Commissioner.~~

49 (2) ~~Other Requirements. An applicant must hold a valid agent's license at the~~
50 ~~time of application for the broker's license and throughout the duration of the~~
51 ~~broker's license. A broker's license shall be issued to cover only those kinds~~

1 ~~of insurance authorized by his agent's license. Suspension or revocation of the~~
2 ~~agent's license shall cause immediate revocation of the broker's license.~~

3 (g) Denial of License. – If the Commissioner finds that the applicant has not fully met
4 the requirements for licensing, the Commissioner shall refuse to issue the license and shall notify
5 in writing the applicant and the appointing insurer, if any, of the denial, stating the grounds for
6 the denial. The application may also be denied for any reason for which a license may be
7 suspended or revoked or not renewed under G.S. 58-33-46. In order for an applicant to be entitled
8 to a review of the Commissioner's action to determine the reasonableness of the action, the
9 applicant must make a written demand upon the Commissioner for a review no later than 30 days
10 after service of the notification upon the applicant. The review shall be completed without undue
11 delay, and the applicant shall be notified promptly in writing of the outcome of the review. In
12 order for an applicant who disagrees with the outcome of the review to be entitled to a hearing
13 under Article 3A of Chapter 150B of the General Statutes, the applicant must make a written
14 demand upon the Commissioner for a hearing no later than 30 days after service upon the
15 applicant of the notification of the outcome.

16 (h) Resident-Nonresident Licenses. – The Commissioner shall issue a resident or
17 nonresident license to an ~~agent, broker, insurance producer,~~ limited representative, adjuster, or
18 motor vehicle damage appraiser as follows:

19 (1) Resident.

20 An individual may qualify for a license as a resident if he resides in this State.
21 Any license issued pursuant to an application claiming residency in this State
22 shall be void if the licensee, while holding a resident license in this State, also
23 holds or makes application for a resident license in, or thereafter claims to be
24 a resident of, any other state, or ceases to be a resident of this State; provided,
25 however, if the applicant is a resident of a county in another state, the border
26 of which county is contiguous with the state line of this State, the applicant
27 may qualify as a resident for licensing purposes in this State.

28 (2) Nonresident.

29 a. An individual may qualify for a license under this Article as a
30 nonresident if he holds a like license in another state or territory of the
31 United States. An individual may qualify for a license as a nonresident
32 motor vehicle damage appraiser or a nonresident adjuster if the
33 applicant's state of residency does not offer such licenses and such
34 applicant meets all other requirements for licensure of a resident. A
35 license issued to a nonresident of this State shall grant the same rights
36 and privileges afforded a resident licensee, except as provided in
37 subsection (i) of this section.

38 a1. If a nonresident licensee's license in his or her home state is no longer
39 in good standing for any reason, the nonresident licensee's license
40 issued by the Commissioner shall automatically lapse 30 days after the
41 loss of the nonresident's home state license. Within 30 days following
42 the lapse, the nonresident's lapsed license may be reinstated if (i) the
43 nonresident licensee is otherwise entitled to licensure and (ii) he or she
44 provides proof satisfactory to the Commissioner that his or her home
45 state license has been reinstated or reissued. A lapsed nonresident
46 license may also be reinstated upon proof satisfactory to the
47 Commissioner that the nonresident has relocated to another
48 jurisdiction, obtained a new home state license, and has filed a change
49 of address notice with the Commissioner within 60 days after the
50 issuance of the new home state license. If the lapsed nonresident

- 1 license is not reinstated as provided herein, the nonresident must
2 submit a new application for licensure to the Commissioner.
- 3 b. Except as provided in G.S. 58-33-32, a nonresident of this State may
4 be licensed without taking an otherwise required written examination
5 if the insurance regulator of the state of the applicant's residence
6 certifies that the applicant has passed a similar written examination or
7 has been a continuous holder, prior to the time such written
8 examination was required, of a license like the license being applied
9 for in this State.
- 10 ~~e. Notwithstanding other provisions of this Article, no new bond shall be~~
11 ~~required for a nonresident broker if the Commissioner is satisfied that~~
12 ~~an existing bond covers his insurance business in this State.~~
- 13 d. Process Against Nonresident Licensees.
- 14 1. Each licensed nonresident ~~agent, broker, insurance producer,~~
15 adjuster, limited representative, or motor vehicle damage
16 appraiser shall by the act of acquiring such license be deemed
17 to appoint the Commissioner as his attorney to receive service
18 of legal process issued against the ~~agent, broker, insurance~~
19 ~~producer,~~ adjuster, limited representative, or motor vehicle
20 damage appraiser in this State upon causes of action arising
21 within this State.
- 22 2. The appointment shall be irrevocable for as long as there could
23 be any cause of action against the nonresident arising out of his
24 insurance transactions in this State.
- 25 3. Duplicate copies of such legal process against such nonresident
26 licensee shall be served upon the Commissioner either by a
27 person competent to serve a summons, or through certified or
28 registered mail. At the time of such service the plaintiff shall
29 pay to the Commissioner a fee in the amount set in
30 G.S. 58-16-30, taxable as costs in the action to defray the
31 expense of such service.
- 32 4. Upon receiving such service, the Commissioner or his duly
33 appointed deputy shall within three business days send one of
34 the copies of the process, by registered or certified mail, to the
35 defendant nonresident licensee at his last address of record as
36 filed with the Commissioner.
- 37 5. The Commissioner shall keep a record of the day and hour of
38 service upon him of all such legal process. No proceedings
39 shall be had against the defendant nonresident licensee, and
40 such defendant shall not be required to appear, plead or answer
41 until the expiration of 40 days after the date of service upon the
42 Commissioner.
- 43 e. If the Commissioner revokes or suspends any nonresident's license
44 through a formal proceeding under this Article, he shall promptly
45 notify the appropriate Commissioner of the licensee's residence of
46 such action and of the particulars thereof.
- 47 (i) Retaliatory Provision. – Whenever, by the laws or regulations of any other state or
48 jurisdiction, any limitation of rights and privileges, conditions precedent, or any other
49 requirements are imposed upon residents of this State who are nonresident applicants or licensees
50 of such other state or jurisdiction in addition to, or in excess of, those imposed on nonresidents

1 under this Article, the same such requirements shall be imposed upon such residents of such other
2 state or jurisdiction. This subsection does not apply to fees charged to insurance producers.

3 (j) Reciprocity Provision. – To the extent that other states that provide for the licensing
4 and regulation of and payment of commissions to ~~agents, insurance producers or limited~~
5 representatives, ~~or brokers~~, waive restrictions on the basis of reciprocity with respect to North
6 Carolina licensees applying for or holding nonresident licenses in those states, the same
7 restrictions on licensees from those states applying for or holding North Carolina nonresident
8 licenses shall be waived.

9 **"§ 58-33-31. Application for license.**

10 (a) A person applying for a resident ~~insurance producer~~ license shall make application to
11 the Commissioner on the Uniform Application and declare under penalty of denial, suspension,
12 or revocation of the license that the statements made in the application are true, correct, and
13 complete to the best of the individual's knowledge and belief. Before approving the application,
14 the Commissioner shall find that the individual:

- 15 (1) Is at least 18 years of age.
- 16 (2) Has not committed any act that is a ground for probation, suspension,
17 nonrenewal, or revocation set forth in G.S. 58-33-46.
- 18 (3) Has satisfied any applicable requirements of G.S. 58-33-30(d).
- 19 (4) Has paid the applicable fees set forth in G.S. 58-33-125.
- 20 (5) Has successfully passed any examinations required by G.S. 58-33-30(e).

21 (b) A business entity selling, soliciting, or negotiating insurance shall obtain an insurance
22 producer license. Application shall be made using the Uniform Business Entity Application.
23 Before approving the application, the Commissioner shall find that:

- 24 (1) The business entity has paid the applicable fees set forth in G.S. 58-33-125.
- 25 (2) The business entity has designated a licensed producer, who is a natural
26 person, responsible for the business entity's compliance with the insurance
27 laws and administrative rules of this State and orders of the Commissioner.

28 (c) The Commissioner may require any documents reasonably necessary to verify the
29 information contained in an application.

30 **"§ 58-33-32. Interstate reciprocity in producer licensing.**

31 (a) The purpose of this section is to make North Carolina insurance producer licensing
32 comply with the reciprocity requirements in the federal Gramm-Leach-Bliley Act, Public Law
33 106-102. This section does not apply to surplus lines licensees in Article 21 of this Chapter,
34 except as provided in subsections (c) and (d) of this section.

35 (b) Repealed by Session Laws 2001-203, s. 13, effective July 1, 2002.

36 (c) Unless denied licensure under G.S. 58-33-30 or G.S. 58-33-50, a nonresident person
37 shall receive a nonresident producer license if:

- 38 (1) The person is currently licensed as a resident and in good standing in that
39 person's home state;
- 40 (2) The person has submitted the request for licensure in the form prescribed by
41 the Commissioner and has paid the applicable fees required by
42 G.S. 58-33-125;
- 43 (3) The person has submitted or transmitted to the Commissioner a copy of the
44 application for licensure that the person submitted to that person's home state,
45 or in lieu of the same, a completed Uniform Application or Uniform Business
46 Entity Application; and
- 47 (4) The person's home state awards nonresident producer licenses to residents of
48 this State on a reciprocal basis.

49 The Commissioner may verify the producer's licensing status through the producer database
50 maintained by the NAIC or affiliates or subsidiaries of the NAIC.

1 (d) A person licensed as a surplus lines producer in that person's home state shall receive
2 a nonresident surplus lines license under subsection (c) of this section. Except for the licensure
3 provisions of this section, nothing in this section otherwise amends or supersedes any provision
4 of Article 21 of this Chapter.

5 (e) A person licensed or registered as a viatical settlement broker or provider, as defined
6 in G.S. 58-58-205, in that person's home state shall receive a nonresident viatical settlement
7 broker or provider license under subsection (c) of this section. Except for the licensure provisions
8 of this section, nothing in this section otherwise amends or supersedes any provision of Part 5 of
9 Article 58 of this Chapter.

10 (f) A person licensed as a limited line credit insurance producer or other type of limited
11 lines producer in that person's home state may, under subsection (c) of this section, receive a
12 nonresident limited lines producer license granting the same scope of authority as granted under
13 the license issued by the producer's home state. For the purposes of this subsection, limited lines
14 insurance is any authority granted by the home state that restricts the authority of the license to
15 less than the total authority prescribed in the associated major lines under ~~G.S. 58-33-26(e)(1),~~
16 ~~58-33-26(e)(2), 58-33-26(e)(3), and 58-33-26(e)(4).~~ G.S. 58-33-26(c1)(1), 58-33-26(c1)(2),
17 58-33-26(c1)(4), 58-33-26(c1)(5), 58-33-26(c1)(6), and 58-33-26(c1)(7).

18 (g) An individual who applies for an insurance producer license in this State who was
19 previously licensed for the same ~~kinds of insurance lines of authority~~ in that individual's home
20 state shall not be required to complete any prelicensing education or examination. This exemption
21 is available only if:

- 22 (1) The applicant is currently licensed in the applicant's home state; or
- 23 (2) The application is received within 90 days after the cancellation of the
24 applicant's previous license and the applicant's home state issues a
25 certification that, at the time of cancellation, the applicant was in good
26 standing in that state; or
- 27 (3) The home state's producer database records, maintained by the NAIC or
28 affiliates or subsidiaries of the NAIC, indicate that the producer is or was
29 licensed in good standing for the ~~kind of insurance lines of authority~~
30 requested.

31 A person licensed as an insurance producer in another state who moves to this State and who
32 wants to be licensed as a resident under G.S. 58-33-31 shall apply within 90 days after
33 establishing legal residence.

34 (h) The Commissioner shall not assess a greater fee for an insurance license or related
35 service to a nonresident producer based solely on the fact that the producer does not reside in this
36 State.

37 (i) The Commissioner shall waive any license application requirements for a nonresident
38 license applicant with a valid license from the applicant's home state, except the requirements
39 imposed by subsection (c) of this section, if the applicant's home state awards nonresident
40 licenses to residents of this State on the same basis.

41 (j) A nonresident producer's satisfaction of the nonresident producer's home state's
42 continuing education requirements for licensed insurance producers shall constitute satisfaction
43 of this State's continuing education requirements if the nonresident producer's home state
44 recognizes the satisfaction of its continuing education requirements imposed upon producers
45 from this State on the same basis.

46 (k) A producer shall report to the Commissioner any administrative action taken against
47 the producer in another state or by another governmental agency in this State within 30 days after
48 the final disposition of the matter. As used in this subsection, "administrative action" includes
49 enforcement action taken against the producer by the FINRA. This report shall include a copy of
50 the order or consent order and other information or documents filed in the proceeding necessary
51 to describe the action.

1 (l) Within 30 days after the initial pretrial hearing date or similar proceeding, a producer
2 shall report to the Commissioner any criminal prosecution of the producer. The report shall
3 include a copy of the initial complaint filed, the order resulting from the hearing or similar
4 proceeding, and any other information or documents filed in the proceeding necessary to describe
5 the prosecution.

6 ...

7 **"§ 58-33-40. Appointment of agents.**

8 (a) Except as provided in subsection (b) of this section, no individual who holds a valid
9 insurance ~~agent's-producer~~ license issued by the Commissioner shall, either directly or for an
10 insurance agency, solicit, negotiate, or otherwise act as an agent for an insurer by which the
11 individual has not been appointed.

12 (b) Any insurer authorized to transact business in this State may appoint as its agent any
13 individual who holds a valid ~~agent's-insurance producer~~ license issued by the Commissioner. To
14 appoint an individual as its agent, the appointing insurer shall file, in a format approved by the
15 Commissioner, a notice of appointment within 15 days after the date the first insurance
16 application is submitted. The individual shall be authorized to act as an agent for the appointing
17 insurer for the kinds of insurance for which the insurer is authorized in this State and for which
18 the appointed ~~agent-insurance producer~~ is licensed in this State, unless specifically limited. For
19 purposes of determining the number of appointments for an ~~agent-insurance producer~~, there shall
20 be one appointment for each ~~kind-of-insurance-line of authority~~ for which the appointed ~~agent~~
21 ~~insurance producer~~ is licensed in this State, unless specifically limited.

22 (c) Repealed by Session Laws 2009-566, s. 9, effective August 28, 2009.

23 (d) Every insurer shall remit in a manner prescribed by the Commissioner the
24 appointment fee specified in G.S. 58-33-125 for each appointed ~~agent-insurance producer~~.

25 (e) An appointment shall continue in effect as long as the appointed ~~agent-insurance~~
26 ~~producer~~ is properly licensed and the appointing insurer is authorized to transact business in this
27 State, unless the appointment is cancelled.

28 (f) Prior to April 1 of each year, every insurer shall remit in a manner prescribed by the
29 Commissioner the renewal appointment fee specified in G.S. 58-33-125.

30 ~~(g) Any agent license in effect on February 1, 1988, shall be deemed to be an appointment~~
31 ~~for the unexpired term of that license.~~

32 (h) Repealed by Session Laws 2009-566, s. 9, effective August 28, 2009.

33 ...

34 **"§ 58-33-46. Suspension, probation, revocation, or nonrenewal of licenses.**

35 (a) The Commissioner may place on probation, suspend, revoke, or refuse to renew any
36 license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B
37 of the General Statutes, for any one or more of the following causes:

- 38 (1) Providing materially incorrect, misleading, incomplete, or materially untrue
39 information in the license application.
- 40 (2) Violating any insurance law of this or any other state, violating any
41 administrative rule, subpoena, or order of the Commissioner or of another
42 state's insurance regulator, or violating any rule of the FINRA.
- 43 (3) Obtaining or attempting to obtain a license through misrepresentation or fraud.
- 44 (4) Improperly withholding, misappropriating, or converting any monies or
45 properties received in the course of doing insurance business.
- 46 (5) Intentionally misrepresenting the terms of an actual or proposed insurance
47 contract or application for insurance.
- 48 (6) Having been convicted of a felony or a misdemeanor involving dishonesty, a
49 breach of trust, or moral turpitude.
- 50 (7) Having admitted or been found to have committed any insurance unfair trade
51 practice or fraud.

- 1 (8) Using fraudulent, coercive, or dishonest practices, or demonstrating
2 incompetence, untrustworthiness, or financial irresponsibility in the conduct
3 of business in this State or elsewhere.
- 4 (9) Having an insurance producer license, or its equivalent, denied, suspended, or
5 revoked in any other jurisdiction for reasons substantially similar to those
6 listed in this subsection.
- 7 (10) Forging another's name to an application for insurance or to any document
8 related to an insurance transaction.
- 9 (11) Willfully failing to provide the notification required by subsection (c) of this
10 section.
- 11 ~~(12) Knowingly accepting brokered insurance business from an individual who is
12 not licensed to broker that kind of insurance.~~
- 13 (12a) Soliciting, negotiating, or selling insurance in this State for an unauthorized
14 insurer, regardless of whether the licensee or applicant knew that the insurer
15 was unauthorized. As used in this section, the terms "soliciting",
16 "negotiating", and "selling" shall have the meaning of "solicit", "negotiate",
17 and "sell", respectively, set forth in G.S. 58-33-10.
- 18 (13) Failing to comply with an administrative or court order imposing a child
19 support obligation, after entry of a final judgment or order finding the
20 violation to have been willful.
- 21 (14) Failing to pay State income tax or comply with any administrative or court
22 order directing payment of State income tax, after entry of a final judgment or
23 order finding the violation to have been willful.
- 24 (15) Cheating on an examination for an insurance license or for a prelicensing or
25 continuing education course, including improperly using notes or any other
26 reference material to complete an examination for an insurance license or for
27 a prelicensing or continuing education course.
- 28 (16) Willfully overinsuring property.
- 29 (17) Any cause for which issuance of the license could have been refused had it
30 then existed and been known to the Commissioner at the time of issuance.
- 31 (b) G.S. 58-2-50 applies to any investigation under this section. G.S. 58-2-70 applies to
32 any person subject to licensure under this Article.
- 33 (c) Any person licensed under this Article shall notify the Commissioner of the
34 commencement of any bankruptcy, insolvency, or receivership proceeding affecting the person
35 licensed, or upon making an assignment for the benefit of creditors of the person licensed. Each
36 owner, manager, or officer of a business entity that is a licensed person shall be responsible for
37 providing this notification. Any person responsible for notifying the Commissioner shall provide
38 the notice within three business days after the commencement of the proceeding or the making
39 of the assignment.
- 40 (d) If the Commissioner refuses to grant a license, or suspends or revokes a license, any
41 appointment of the applicant or licensee shall likewise be revoked. No individual whose license
42 is revoked shall be issued another license without first complying with all requirements of this
43 Article.
- 44 (e) No person shall be issued a license or appointment to enter the employment of any
45 other person, which other person is at that time found by the Commissioner to be in violation of
46 any of the insurance laws of this State, or which other person has been in any manner disqualified
47 under any state or federal law to engage in the insurance business.
- 48 (f) The Commissioner shall retain the authority to enforce the provisions of, and impose
49 any penalty or remedy authorized by, this Chapter against any person who is under investigation
50 for or charged with a violation of this Chapter even if the person's license or registration has been
51 surrendered or has lapsed by operation of law.

1 **"§ 58-33-48. Criminal history record checks.**

2 (a) An applicant for an insurance producer or limited representative license under this
3 Article shall furnish the Commissioner with a complete set of the applicant's fingerprints in a
4 manner prescribed by the Commissioner. The applicant's fingerprints shall be certified by an
5 authorized law enforcement officer. The fingerprints of every applicant shall be forwarded to the
6 State Bureau of Investigation for a search of the applicant's criminal history record file, if any. If
7 warranted, the State Bureau of Investigation shall forward a set of the fingerprints to the Federal
8 Bureau of Investigation for a national criminal history record check. An applicant shall pay the
9 cost of the State and any national criminal history record check of the applicant.

10 (b) The Commissioner shall keep all information pursuant to this section privileged, in
11 accordance with applicable State law and federal guidelines, and the information shall be
12 confidential and shall not be a public record under Chapter 132 of the General Statutes.

13 (c) This section does not apply to any of the following:

14 (1) A person applying for renewal or continuation of a home state insurance
15 producer license or a nonresident insurance producer license.

16 (2) A person applying for a limited line credit insurance producer license.

17 ...

18 **"§ 58-33-56. Notification to Commissioner of termination.**

19 (a) An insurer or authorized representative of the insurer that terminates the appointment,
20 employment, contract, or other insurance business relationship with a producer or limited
21 representative shall notify the Commissioner within 30 days after the effective date of the
22 termination, using a form prescribed by the Commissioner, if the reason for termination is for or
23 related to one of the causes listed in G.S. 58-33-46(a) or the insurer has knowledge the producer
24 or a limited representative was found by a court, government body, or self-regulatory
25 organization authorized by law to have engaged in any of the activities in G.S. 58-33-46(a). Upon
26 the written request of the Commissioner, the insurer shall provide additional information,
27 documents, records, or other data pertaining to the termination or activity of the
28 ~~producer.~~ producer or limited representative.

29 (b) An insurer or authorized representative of the insurer that terminates the appointment,
30 employment, or contract with a producer or limited representative for any reason that is not for
31 or related to one of the causes listed in G.S. 58-33-46(a) shall notify the Commissioner within 30
32 days after the effective date of the termination, using a form prescribed by the Commissioner.
33 Upon written request of the Commissioner, the insurer shall provide additional information,
34 documents, records, or other data pertaining to the termination.

35 (c) The insurer or the authorized representative of the insurer shall promptly notify the
36 Commissioner in a form acceptable to the Commissioner if, upon further review or investigation,
37 the insurer discovers additional information that would have been reportable to the
38 Commissioner in accordance with subsection (a) of this section had the insurer then known of its
39 existence.

40 (d) Within 15 days after making the notification required by subsections (a), (b), and (c)
41 of this section, the insurer shall notify the producer or limited representative using a form
42 prescribed by the Commissioner. If the producer or limited representative is terminated for cause
43 for any of the reasons listed in G.S. 58-33-46(a), the insurer shall provide a copy of the
44 notification to the producer or limited representative at the producer's or limited representative's
45 last known address by certified mail, return receipt requested, postage prepaid, or by overnight
46 delivery using a nationally recognized carrier.

47 (e) Within 30 days after the producer or limited representative has received the original
48 or additional notification, the producer or limited representative may file written comments
49 concerning the substance of the notification with the Commissioner. The producer or limited
50 representative shall, by the same means, simultaneously send a copy of the comments to the
51 reporting insurer, and the comments shall become a part of the Commissioner's file and

1 accompany every copy of a report distributed or disclosed for any reason about the producer or
2 limited representative as permitted under subsection (h) of this section.

3 (f) In the absence of actual malice, neither an insurer, the authorized representative of
4 the insurer, a producer, a limited representative, the Commissioner, an organization of which the
5 Commissioner is a member, nor the respective employees and agents of such persons acting on
6 behalf of such persons shall be subject to civil liability as a result of any statement or information
7 provided pursuant to this section.

8 (g) In any action brought against a person that may have immunity under subsection (f)
9 of this section for making any statement required by this section or for providing any information
10 relating to any statement that may be requested by the Commissioner, the party bringing the
11 action shall plead specifically in any allegation that subsection (f) of this section does not apply
12 because the person making the statement or providing the information did so with actual malice.
13 Subsections (f) and (g) of this section do not abrogate or modify any existing statutory or common
14 law privileges or immunities.

15 (h) Notwithstanding any other provision of this Chapter, any documents, materials, or
16 other information in the control or possession of the Commissioner or any organization of which
17 the Commissioner is a member that is (i) furnished by an insurer, producer, limited
18 representative, or an employee or agent thereof acting on behalf of the ~~insurer or producer~~ insurer,
19 producer, or limited representative under this section, or (ii) obtained by the Commissioner in an
20 investigation under this section shall be confidential by law and privileged, shall not be subject
21 to or public records under G.S. 58-2-100 or Chapter 132 of the General Statutes, shall not be
22 subject to subpoena, and shall not be subject to discovery in any civil action other than a
23 proceeding brought by the Commissioner against a person to whom such documents, materials,
24 or other information relate. However, the Commissioner is authorized to use the documents,
25 materials, or other information in the furtherance of any regulatory or legal action brought as a
26 part of the Commissioner's duties. Neither the Commissioner nor any person who received
27 documents, materials, or other information while acting under the authority of the Commissioner
28 shall be permitted or required to testify in any civil action other than a proceeding brought by the
29 Commissioner against a person to whom such documents, materials, or other information relate
30 concerning any such documents, materials, or information.

31 (i) In order to assist in the performance of the Commissioner's duties under this Article,
32 the Commissioner may:

- 33 (1) Share documents, materials, or other information, including the confidential
34 documents, materials, or information described in this section, with other
35 state, federal, and international regulatory agencies, with the NAIC, its
36 affiliates or subsidiaries, and with state, federal, and international law
37 enforcement authorities. The Commissioner may condition such sharing on an
38 agreement by the recipient to maintain the confidentiality and privileged status
39 of the document, material, or other information;
- 40 (2) Receive documents, materials, or information, including otherwise
41 confidential and privileged documents, materials, or information from other
42 state, federal, and international regulatory agencies, from the NAIC, its
43 affiliates or subsidiaries, and from state, federal, and international law
44 enforcement authorities, and may agree to maintain the confidential and
45 privileged status of the document, material, or other information received
46 under the laws of the jurisdiction that is the source of the document, material,
47 or information; and
- 48 (3) Enter into agreements governing sharing and use of information consistent
49 with this subsection.

1 (j) No waiver of any applicable privilege or claim of confidentiality in the documents,
2 materials, or information shall occur as a result of disclosure to the Commissioner under this
3 section or as a result of sharing as authorized in subsection (i) of this section.

4 (k) Nothing in this Article prohibits the Commissioner from releasing final, adjudicated
5 actions including for cause terminations that are open to public inspection under G.S. 58-2-100,
6 to a database or other clearinghouse service maintained by the NAIC, its affiliates, or subsidiaries
7 of the NAIC.

8 (l) An insurer, the authorized representative of the insurer, ~~or producer-producer, or~~
9 limited representative that fails to report as required under this section or that is found to have
10 reported with actual malice by a court of competent jurisdiction may, after notice and hearing,
11 have its license suspended or revoked and may be fined in accordance with G.S. 58-2-70.

12 **"§ 58-33-60. Countersignature and related laws.**

13 Subject to the retaliatory provisions of G.S. 58-33-30(i), there shall be no requirement that a
14 licensed resident ~~agent or broker-insurance producer~~ must countersign, solicit, transact, take,
15 accept, deliver, record, or process in any manner an application, policy, contract, or any other
16 form of insurance on behalf of a nonresident ~~agent or broker-insurance producer~~ or an authorized
17 insurer; or share in the payment of commissions, if any, related to such business.

18 ...

19 **"§ 58-33-66. Temporary licensing.**

20 (a) The Commissioner may issue a temporary insurance producer license for a period not
21 to exceed 180 days or longer, for good cause, without requiring an examination if the
22 Commissioner deems that the temporary license is necessary for the servicing of an insurance
23 business in any of the following cases:

- 24 (1) To the spouse or surviving spouse or court-appointed personal representative
25 or guardian of a licensed insurance producer who dies or becomes mentally or
26 physically disabled to allow adequate time for the transfer of the insurance
27 business owned by the producer, for the recovery or return of the producer to
28 the business, or for the training and licensing of new personnel to operate the
29 producer's business.
- 30 (2) To a member or employee of a business entity licensed as an insurance
31 producer, upon the death or disability of an individual designated in the
32 business entity application or the license.
- 33 (3) To the designee of a licensed insurance producer entering active service in the
34 Armed Forces of the United States.
- 35 (4) In any other circumstance where the Commissioner deems that the public
36 interest will be served best by the issuance of this license.

37 (b) The Commissioner may by order limit the authority of any temporary licensee in any
38 way deemed necessary to protect insureds and the public. The Commissioner may require the
39 temporary licensee to have a suitable sponsor who is a licensed producer or insurer and who
40 assumes responsibility for all acts of the temporary licensee and may impose other similar
41 requirements designed to protect insureds and the public. The Commissioner may by order
42 revoke a temporary license if the interest of insureds or the public are endangered. A temporary
43 license terminates upon the transfer of the business.

44 (c) An individual requesting a temporary license on account of death or disability of ~~an~~
45 ~~agent or broker-a licensed insurance producer~~ shall be licensed to represent only those insurers
46 that had appointed such ~~agent-insurance producer~~ at the time of death or commencement of
47 disability.

48 **"§ 58-33-70. Special provisions for adjusters and motor vehicle damage appraisers.**

49 (a) It shall be unlawful and cause for revocation of license for a licensed adjuster to
50 engage in the practice of law.

1 (b) On behalf and on request of an insurer by which an ~~agent-insurance producer~~ or
2 limited representative is appointed, the ~~agent-insurance producer~~ or limited representative may
3 from time to time act as an adjuster and investigate and report upon claims without being licensed
4 as an adjuster. No ~~agent-insurance producer~~ or limited representative shall adjust any losses
5 where the ~~agent's-insurance producer's~~ or ~~limited~~ representative's remuneration for the sale of
6 insurance is in any way dependent upon the adjustment of those losses.

7 (c) Upon the filing of the application for an adjuster's license, the advance payment of
8 the examination fee, and the filing with the Commissioner of a certificate signed by the
9 applicant's employer, the Commissioner may issue a learner's permit authorizing the applicant to
10 act as an adjuster for a learning period of 90 days without a requirement of any other license. Not
11 more than one learner's permit shall ever be issued to one individual. The employer's certificate
12 required by this subsection shall certify that:

- 13 (1) The applicant is an individual of good character.
- 14 (2) The applicant is employed by the signer of the certificate.
- 15 (3) The applicant will operate as a student or learner under the instruction and
16 general supervision of a licensed adjuster.
- 17 (4) The employer will be responsible for the adjustment acts of the applicant
18 during the learning period.

19 (d) Repealed by Session Laws 1998-211, s. 19, effective November 1, 1998.

20 (e) The Commissioner may permit an experienced adjuster, who regularly adjusts in
21 another state and who is licensed in the other state (if that state requires a license), to act as an
22 adjuster in this State without a North Carolina license only for an insurance company authorized
23 to do business in this State, for emergency insurance adjustment work, for a period to be
24 determined by the Commissioner, done for an employer who is an adjuster licensed by this State
25 or who is a regular employer of one or more adjusters licensed by this State; provided that the
26 employer shall furnish to the Commissioner a notice in writing immediately upon the beginning
27 of any such emergency insurance adjustment work. As used in this subsection, "emergency
28 insurance adjustment work" includes, but is not limited to, (i) adjusting of a single loss or losses
29 arising out of an event or catastrophe common to all of those losses or (ii) adjusting losses in any
30 area declared to be a state of emergency or disaster by the Governor under G.S. 166A-19.20 or
31 G.S. 166A-19.21 or by the President of the United States under applicable federal law.

32 (f) The Commissioner may permit an experienced motor vehicle damage appraiser who
33 is regularly appraising in another state and who is licensed in such other state (if that state requires
34 a license) to act as a motor vehicle damage appraiser in this State without a North Carolina license
35 for emergency motor vehicle damage appraisal work for a period not exceeding 30 days done for
36 an employer who notifies the Commissioner, in writing, at the beginning of the period of
37 emergency appraisal work and who is:

- 38 (1) An insurance adjuster licensed by this State;
- 39 (2) A motor vehicle damage appraiser licensed by this State;
- 40 (3) A regular employer of one or more insurance adjusters licensed by this State;
41 or
- 42 (4) A regular employer of one or more motor vehicle damage appraisers licensed
43 by this State.

44 ...

45 **"§ 58-33-76. Referral of business to repair source; prohibitions.**

46 (a) No insurance company, ~~agent-insurance producer~~, adjuster or appraiser or any person
47 employed to perform their service shall recommend the use of a particular service or source for
48 the repair of property damage without clearly informing the claimant that the claimant is under
49 no obligation to use the recommended repair service.

50 (b) No insurance company, ~~agent-insurance producer~~, adjuster or appraiser or any person
51 employed to perform their service shall accept any gratuity or other form of remuneration from

1 a repair service for recommending that repair service to a claimant. Provided, however, discounts
2 agreed to by repair services shall not violate this section.

3 (c) Any person who violates this section is subject to the provisions of G.S. 58-2-70 and
4 G.S. 58-33-46.

5 **"§ 58-33-80. Discrimination forbidden.**

6 No ~~agent~~insurance producer or representative of any company doing the business of
7 insurance as defined in G.S. 58-7-15 shall make any discrimination in favor of any person.

8 **"§ 58-33-82. Commissions.**

9 (a) An insurance ~~company or company,~~ insurance producer~~producer,~~ or limited
10 representative shall not pay a commission, service fee, or other valuable consideration to a person
11 for selling, soliciting, or negotiating insurance in this State if that person is required to be licensed
12 under this Article and is not so licensed.

13 (b) A person shall not accept a commission, service fee, brokerage, or other valuable
14 consideration for selling, soliciting, or negotiating insurance in this State if that person is required
15 to be licensed under this Article and is not so licensed.

16 (c) Renewal or other deferred commissions may be paid to a person for selling, soliciting,
17 or negotiating insurance in this State if the person was required to be licensed under this Article
18 at the time of the sale, solicitation, or negotiation and was so licensed at that time.

19 (d) Except as provided in subsection (e) of this section, only ~~agents~~insurance producers
20 who are duly licensed with appropriate company appointments, ~~licensed brokers,~~ licensed limited
21 lines producers, or licensed limited representatives may ~~accept, directly or indirectly,~~ directly
22 accept any commission, fee, or other valuable consideration for the sale, solicitation, or
23 negotiation of insurance.

24 (d1) Insurance producers may indirectly accept any commission, fee, or other valuable
25 consideration for business brokered through an insurance producer that is appropriately
26 appointed.

27 (e) Commissions, fees, or other valuable consideration for the sale, solicitation, or
28 negotiation of insurance may be assigned or directed to be paid in the following circumstances:

- 29 (1) To a business entity by a person who is an owner, shareholder, member,
30 partner, director, employee, or agent of that business entity.
- 31 (2) To a producer or limited representative, in connection with renewals of
32 insurance business originally sold by or through the licensed person or for
33 other deferred commissions.
- 34 (3) In connection with the indirect receipt of commissions in circumstances in
35 which a license is not required under G.S. 58-33-26(n).

36 ...

37 **"§ 58-33-85. Rebates and charges in excess of premium prohibited; exceptions.**

38 (a) No insurer, ~~agent, broker~~insurance producer, or limited representative shall
39 knowingly charge, demand or receive a premium for any policy of insurance except in
40 accordance with the applicable filing approved by the Commissioner. No insurer, ~~agent, broker~~
41 insurance producer, or limited representative shall pay, allow, or give, or offer to pay, allow, or
42 give, directly or indirectly, as an inducement to insurance, or after insurance has been effected,
43 any rebate, discount, abatement, credit, or reduction of the premium named in a policy of
44 insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon,
45 or any valuable consideration or inducement whatever, not specified in the policy of insurance.
46 No insured named in a policy of insurance, nor any employee of such insured, shall knowingly
47 receive or accept, directly or indirectly, any such rebate, discount, abatement or reduction of
48 premium, or any special favor or advantage or valuable consideration or inducement. Nothing
49 herein contained shall be construed as prohibiting the payment of commissions or other
50 compensation to duly licensed ~~agents, brokers~~insurance producers and limited representatives,
51 nor as prohibiting any participating insurer from distributing to its policyholders dividends,

1 savings or the unused or unabsorbed portion of premiums and premium deposits. As used in this
2 section the word "insurance" includes suretyship and the word "policy" includes bond.

3 (b) No insurer, ~~agent, broker, insurance producer,~~ or limited representative shall
4 knowingly charge to or demand or receive from an applicant for insurance any money or other
5 consideration in return for the processing of applications or other forms or for the rendering of
6 services associated with a contract of insurance, which money or other consideration is in
7 addition to the premium for such contract, unless the applicant consents in writing before any
8 services are rendered. This subsection does not apply to the charging or collection of any fees
9 otherwise provided for by law.

10 **"§ 58-33-90. Rebate of premiums on credit life and credit accident and health insurance;
11 retention of funds by ~~agent, insurance producer.~~**

12 It shall be unlawful for any insurance carrier, or officer, agent or representative of an
13 insurance company writing credit life and credit accident and health insurance, as defined in
14 G.S. 58-58-10 and G.S. 58-51-100, or combination credit life, accident and health,
15 hospitalization and disability insurance in connection with loans, to permit any agent or
16 representative of such company to retain any portion of funds received for the payment of losses
17 incurred, or to be incurred, under such policies of insurance issued by such company, or to pay,
18 allow, permit, give or offer to pay, allow, permit or give, directly, or indirectly, as an inducement
19 to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or
20 reduction of the premium, to any loan agency, insurance agency or ~~broker, insurance producer,~~
21 or to any creditor of the debtor on whose account the insurance was issued, or to any person, firm
22 or corporation which received a commission or fee in connection with the issuance of such
23 insurance: Provided, that this section shall not prohibit the payment of commissions to a licensed
24 insurance ~~agent-producer~~ or agency or limited representative on the sale of a policy of credit life
25 and credit accident and health insurance, or combination credit life, accident and health,
26 hospitalization and disability insurance in connection with loans.

27 It shall be unlawful for any ~~agent, agency, broker, insurance producer,~~ limited representative,
28 or insured named in any such policy, or for any loan agency or broker, or any agent, officer or
29 employee of any loan agency or broker to receive or accept, directly or indirectly, any such rebate,
30 discount, abatement, credit or reduction of the premium as set out in this section.

31 ...

32 **"§ 58-33-100. Payment of premium to ~~agent, insurance producer~~ valid; obtaining by fraud
33 a crime.**

34 (a) Any ~~agent, broker, insurance producer~~ or limited representative who acts for a person
35 other than himself negotiating a contract of insurance is, for the purpose of receiving the premium
36 therefor, the company's agent, whatever conditions or stipulations may be contained in the policy
37 or contract. This subsection does not apply to the Insurance Underwriting Association established
38 under Article 45 of this Chapter or the Joint Underwriting Association established under Article
39 46 of this Chapter.

40 (b) Any ~~agent, broker, insurance producer~~ or limited representative knowingly procuring
41 by fraudulent representations payment, or the obligation for the payment, of a premium of
42 insurance, shall be guilty of a Class 1 misdemeanor.

43 **"§ 58-33-105. False statements in applications for insurance.**

44 If any ~~agent, insurance producer,~~ examining physician, applicant, or other person shall
45 knowingly or willfully make any false or fraudulent statement or representation in or with
46 reference to any application for insurance, or shall make any such statement for the purpose of
47 obtaining any fee, commission, money or benefit from any company engaged in the business of
48 insurance in this State, he shall be guilty of a Class 1 misdemeanor. This section shall also apply
49 to contracts and certificates issued under Articles 65 through 67 of this Chapter.

50 **"§ 58-33-110. ~~Agents~~ Insurance producers signing certain blank policies.**

1 Any ~~agent~~ insurance producer or limited representative who signs any blank contract or
2 policy of insurance is guilty of a Class 3 misdemeanor and, upon conviction, shall be punished
3 only by a fine of not less than one thousand dollars (\$1,000) nor more than five thousand dollars
4 (\$5,000); provided, however, that transportation ticket policies of accident insurance and
5 baggage insurance policies may be countersigned in blank for issuance only through
6 coin-operated machines, subject to regulations prescribed by the Commissioner.

7 ...
8 **"§ 58-33-120. ~~Agent, Insurance producer, adjuster, etc., acting without a license or~~**
9 **~~violating insurance law.~~**

10 If any person shall assume to act either as principal, ~~agent, broker, insurance producer,~~ limited
11 representative, adjuster or motor vehicle damage appraiser without license as is required by law
12 or pretending to be a principal, ~~agent, broker, insurance producer,~~ limited representative, adjuster
13 or licensed motor vehicle damage appraiser, shall solicit, examine or inspect any risk, or shall
14 examine into, adjust, or aid in adjusting any loss, investigate or advise relative to the nature and
15 amount of damages to motor vehicles or the amount necessary to effect repairs thereto, or shall
16 receive, collect, or transmit any premium of insurance, or shall do any other act in the soliciting,
17 making or executing any contract of insurance of any kind otherwise than the law permits, or as
18 principal or ~~agent~~ insurance producer shall violate any provision of law contained in Articles 1
19 through 64 of this Chapter, the punishment for which is not elsewhere provided for, he shall be
20 deemed guilty of a Class 1 misdemeanor.

21 **"§ 58-33-125. Fees.**

22 (a) The following table indicates the annual fees that are required for the respective
23 licenses issued, renewed, or cancelled under this Article and Article 21 of this Chapter:

24	Adjuster.....	\$75.00
25	Adjuster, crop hail only	20.00
26	Agent Insurance producer appointment cancellation (paid by insurer) ..	10.00
27	Agent Insurance producer appointment, individual.....	10.00 11.00
28	Agent Insurance producer appointment,	
29	Medicare supplement and long-term care,	
30	individual.....	10.00
31	Agent, overseas military	20.00
32	Broker, nonresident	50.00
33	Broker, resident	50.00
34	Business entity	100.00
35	Limited representative	20.00
36	Limited representative cancellation (paid by insurer)	10.00
37	Motor vehicle damage appraiser.....	75.00
38	Surplus lines licensee, corporate.....	100.00
39	Surplus lines licensee, individual.....	50.00

40 (b) Whenever a temporary license is issued under this Article, the fee shall be at the same
41 rate as provided in subsection (a) of this section; and any amounts so paid for a temporary license
42 may be credited against the fee required for an appointment by the sponsoring company.

43 (c) Any person who is not licensed and who is required by law or administrative rule to
44 secure a license shall, upon application for licensing, pay to the Commissioner a fee of fifty
45 dollars (\$50.00). If additional licensing for other ~~kinds of insurance~~ lines of authority is
46 requested, a fee of fifty dollars (\$50.00) shall be paid to the Commissioner upon application for
47 licensing for each additional kind of insurance.

48 In addition to the fees prescribed by this subsection, any person applying for a supplemental
49 license to sell Medicare supplement and long-term care insurance policies shall pay an additional
50 fee of fifty dollars (\$50.00) upon application for licensing for ~~those kinds of insurance~~ that line
51 of authority.

1 (d) The requirement for an examination, prelicensing education, continuing education, or
2 a registration fee does not apply to agents for domestic farmers' mutual assessment fire insurance
3 companies or associations who solicit and sell only those kinds of insurance specified in
4 G.S. 58-7-75(5)d for those companies or associations.

5 ~~(e) A resident licensee may obtain a duplicate photo bearing license at times and places
6 within this State that the Commissioner considers necessary and reasonable to serve the
7 convenience of both the Commissioner and the licensee. The Commissioner may contract
8 directly with persons for processing of duplicate photo bearing licenses, and the contract shall
9 not be subject to Article 3 of Chapter 143 of the General Statutes. The Commissioner may charge
10 a reasonable fee for duplicating a photo bearing license in an amount that offsets the costs to the
11 Department of duplicating the license, including costs associated with any contract entered into
12 pursuant to this subsection. However, the Commissioner shall: (i) submit all proposed contracts
13 for supplies, materials, printing, equipment, and contractual services that exceed one million
14 dollars (\$1,000,000) authorized by this subsection to the Attorney General or the Attorney
15 General's designee for review as provided in G.S. 114-8.3; and (ii) include in all contracts to be
16 awarded by the Commissioner under this subsection a standard clause which provides that the
17 State Auditor and internal auditors of the Commissioner may audit the records of the contractor
18 during and after the term of the contract to verify accounts and data affecting fees and
19 performance. The Commissioner shall not award a cost plus percentage of cost agreement or
20 contract for any purpose.~~

21 (f) Repealed by Session Laws 2007-507, s. 7, effective January 1, 2008, and applicable
22 to fees or charges due, and actions occurring, on or after that date.

23 (g) All fees prescribed by this section are nonrefundable. The fees in subsection (a) of
24 this section are in lieu of any other license fees. The fee for an individual agent insurance
25 producer appointment under subsection (a) of this section applies to each license.

26 (h) Fees paid by an insurer on behalf of a person who is licensed or appointed to represent
27 the insurer are payable to the Commissioner when billed. Billing of insurers for renewal fees
28 must be on an annual basis. The frequency for billing insurers for other licensing and appointment
29 fees is determined by the Commissioner and may be daily, monthly, or quarterly. An electronic
30 payment made through the NAIC or an affiliate of NAIC is considered a payment to the
31 Commissioner.

32 **"§ 58-33-130. Continuing education program for licensees.**

33 (a) The Commissioner may adopt rules to provide for a program of continuing education
34 requirements for the purpose of enhancing the professional competence and professional
35 responsibility of adjusters and motor vehicle damage appraisers. The rules may include criteria
36 for:

- 37 (1) The content of continuing education courses;
- 38 (2) Accreditation of continuing education sponsors and programs;
- 39 (3) Accreditation of videotape or other audiovisual programs;
- 40 (4) Computation of credit;
- 41 (5) Special cases and exemptions;
- 42 (6) General compliance procedures; and
- 43 (7) Sanctions for noncompliance.

44 The Commissioner may contract directly with persons for the administration of the program
45 provided for by this section, and those contracts shall not be subject to Article 3 of Chapter 143
46 of the General Statutes. However, the Commissioner shall: (i) submit all proposed contracts for
47 supplies, materials, printing, equipment, and contractual services that exceed one million dollars
48 (\$1,000,000) authorized by this subsection to the Attorney General or the Attorney General's
49 designee for review as provided in G.S. 114-8.3; and (ii) include in all contracts to be awarded
50 by the Commissioner under this subsection a standard clause which provides that the State
51 Auditor and internal auditors of the Commissioner may audit the records of the contractor during

1 and after the term of the contract to verify accounts and data affecting fees and performance. The
2 Commissioner shall not award a cost plus percentage of cost agreement or contract for any
3 purpose. The Commissioner may charge a reasonable fee to course providers to offset the cost of
4 the program, including costs associated with contracts authorized by this subsection. The fee
5 authorized by this subsection shall be in addition to the fees specified in G.S. 58-33-133. As used
6 in this section and in G.S. 58-33-132, "administrator" means any person with whom the
7 Commissioner has contracted under this subsection.

8 (b) The Commissioner may adopt rules to provide for the continuing professional
9 education of all ~~agents and brokers~~ insurance producers who are licensed to sell, solicit, and
10 negotiate the ~~kinds of insurance~~ lines of authority specified in G.S. 58-33-26(c1)(1), (2), (4), (6),
11 (7), or (8). In adopting the rules, the Commissioner may use the same criteria as specified in
12 subsection (a) of this section.

13 (c) The license of any person who fails to comply with the continuing education
14 requirements under this section shall lapse except that the Commissioner or administrator may
15 either grant an extension of time for good cause shown or charge an administrative fee of
16 seventy-five dollars (\$75.00), or both, in lieu of having the person's license lapse.

17 (d) Biennial continuing professional education hour requirements shall be determined by
18 the Commissioner, but shall not be more than 24 credit hours. The Commissioner may by rule
19 establish a staggered system in which the credit hour compliance period is based on the month
20 and year of birth of each individual licensee.

21 (e) Repealed by Session Laws 2007-507, s. 8, effective January 1, 2008, and applicable
22 to fees or charges due, and actions occurring, on or after that date.

23 (f) Repealed by Session Laws 1993 (Reg. Sess., 1994), c. 678, s. 18, effective July 5,
24 1994.

25 (g) Repealed by Session Laws 2007-507, s. 8, effective January 1, 2008, and applicable
26 to fees or charges due, and actions occurring, on or after that date.

27 (h) Any licensee who, after obtaining an extension under subsection (c) of this section,
28 offers evidence satisfactory to the Commissioner or administrator that the licensee has
29 satisfactorily completed the required continuing professional education courses is in compliance
30 with this section.

31 (i) The Commissioner is authorized to approve continuing professional education
32 courses.

33 (j) Repealed by Session Laws 2002-144, s. 3, as amended by Session Laws 2003-284, s.
34 22.2, and as amended by Session Laws 2004-124, s. 21.1, effective July 1, 2002.

35 (k) Repealed by Session Laws 1993, c. 409, s. 4, effective July 1, 1993.

36 ...

37 **"§ 58-33-135. Continuing education advisory committee.**

38 (a) The Commissioner shall appoint, in accordance with G.S. 58-2-30, one advisory
39 committee for ~~fire-property~~ and casualty insurance licensees and one advisory committee for life
40 and accident and health or sickness insurance licensees. The advisory committees shall
41 recommend reasonable rules to the Commissioner for promulgation under G.S. 58-33-130. The
42 Commissioner may adopt, reject, or modify such recommendations. After the promulgation of
43 rules under G.S. 58-33-130, the committees may from time to time make further
44 recommendations to the Commissioner for additional rules or changes in existing rules.

45 (b) The property and ~~liability-casualty~~ advisory committee shall comprise:

46 (1) Two employees of the Department of Insurance;

47 (2) Two representatives from a list of four nominees submitted by the
48 Independent Insurance Agents of North Carolina;

49 (3) Repealed by Session Laws 1999-132, s. 6.3.

50 (4) One representative of a licensed property and liability insurance company
51 writing business in this State that operates through an exclusive agency force;

- 1 (5) One representative from a list of two nominees submitted by the North
2 Carolina Adjusters Association;
- 3 (6) One representative of property and liability insurers from a list of two
4 nominees submitted by the Association of North Carolina Property and
5 Casualty Insurance Companies; and
- 6 (7) One representative from a list of two nominees submitted by the Community
7 Colleges System Office.
- 8 (c) The life and accident and health or sickness advisory committee shall comprise:
- 9 (1) Two employees of the Department of Insurance, which may be the same
10 persons appointed under the subsection (b) of this section;
- 11 (2) One representative from a list of two nominees submitted by the North
12 Carolina Association of Life Underwriters;
- 13 (3) One representative of life and health insurers from a list of two nominees
14 submitted by the Association of North Carolina Life Insurance Companies;
- 15 (4) One representative from a list of two nominees submitted by the General
16 Agents and Managers Conference;
- 17 (5) One representative from a licensed medical or hospital service corporation;
- 18 (6) One licensed ~~health insurance agent~~ accident and health or sickness insurance
19 producer from a list of two nominees submitted by the North Carolina
20 Association of Health Underwriters;
- 21 (7) One representative of a licensed life or health insurer writing business in this
22 State that operates through an exclusive agency force;
- 23 (8) One representative from a list of two nominees submitted by the North
24 Carolina Fraternal Congress; and
- 25 (9) One representative from a list of two nominees submitted by the Community
26 Colleges System Office."
27

28 PART XIV. MAKE TECHNICAL AND CONFORMING CHANGES

29 **SECTION 14.(a)** G.S. 58-2-45 reads as rewritten:

30 "§ 58-2-45. Orders of Commissioner; when writing required.

31 Whenever by any provision of Articles 1 through 64 of this Chapter, the Commissioner is
32 authorized to grant any approval, authorization or permission or to make any other order affecting
33 any insurer, insurance ~~agent, insurance broker~~ producer, or other person or persons subject to the
34 provisions of Articles 1 through 64 of this Chapter, such order shall not be effective unless made
35 in writing and signed by the Commissioner or by his authority."

36 **SECTION 14.(b)** G.S. 58-2-128(d)(3) reads as rewritten:

37 "(3) "Insurance producer" or "producer" means a person required to be licensed
38 under this Article to sell, solicit, or negotiate insurance. "Insurance producer"
39 or "producer" includes an ~~agent, a broker, and a limited representative agent~~
40 and a broker."

41 **SECTION 14.(c)** G.S. 58-2-162 reads as rewritten:

42 "§ 58-2-162. Embezzlement by insurance ~~agents, brokers,~~ producers or administrators.

43 If any insurance ~~agent, broker, producer~~ or administrator embezzles or fraudulently converts
44 to his own use, or, with intent to use or embezzle, takes, secretes, or otherwise disposes of, or
45 fraudulently withholds, appropriates, lends, invests, or otherwise uses or applies any money,
46 negotiable instrument, or other consideration received by him in his performance as ~~an agent,~~
47 broker, a producer or administrator, he shall be guilty of a felony. If the value of the money,
48 negotiable instrument, or other consideration is one hundred thousand dollars (\$100,000) or
49 more, violation of this section is a Class C felony. If the value of the money, negotiable
50 instrument, or other consideration is less than one hundred thousand dollars (\$100,000), violation
51 of this section is a Class H felony."

1 **SECTION 14.(d)** G.S. 58-2-185 reads as rewritten:

2 "**§ 58-2-185. Record of business kept by companies and ~~agents~~; insurance producers;**
3 **Commissioner may inspect.**

4 All ~~companies, agents, or brokers~~ companies, insurance producers, or their agents doing any
5 kind of insurance business in this State must make and keep a full and correct record of the
6 business done by them, showing the number, date, term, amount insured, premiums, and the
7 persons to whom issued, of every policy or certificate or renewal. Information from these records
8 must be furnished to the Commissioner on demand, and the original books of records shall be
9 open to the inspection of the Commissioner when demanded."

10 **SECTION 14.(e)** G.S. 58-2-195 reads as rewritten:

11 "**§ 58-2-195. Commissioner may require records, reports, etc., for agencies, ~~agents~~**
12 **insurance producers, and others.**

13 (a) The Commissioner is empowered to make and promulgate reasonable rules and
14 regulations governing the recording and reporting of insurance business transactions by insurance
15 agencies, ~~agents, brokers~~ insurance producers, and producers of record, any of which agencies,
16 ~~agents, brokers~~ insurance producers, or producers of record are licensed in this State or are
17 transacting insurance business in this State to the end that such records and reports will accurately
18 and separately reflect the insurance business transactions of such agency, ~~agent, broker~~ insurance
19 producer, or producer of record in this State. Information from records required to be kept
20 pursuant to the provisions of this section must be furnished the Commissioner on demand and
21 the original records required to be kept pursuant to the provisions of this section shall be open to
22 the inspection for the Commissioner or any other authorized employee described in G.S. 58-2-25
23 when demanded.

24 ...

25 (e) Whenever the Commissioner deems it to be prudent for the protection of
26 policyholders in this State, he or any other authorized employee described in G.S. 58-2-25 shall
27 visit and examine any insurance agency, ~~agent, broker, insurance producer, adjuster, motor~~
28 vehicle damage appraiser, or producer of record. The refusal of any agency, ~~agent, broker,~~
29 insurance producer, adjuster, motor vehicle damage appraiser, or producer of record to submit to
30 examination is grounds for the revocation or refusal of a license."

31 **SECTION 14.(f)** G.S. 58-3-5 reads as rewritten:

32 "**§ 58-3-5. No insurance contracts except under Articles 1 through 64 of this Chapter.**

33 Except as provided in G.S. 58-3-6, it is unlawful for any company to make any contract of
34 insurance upon or concerning any property or interest or lives in this State, or with any resident
35 thereof, or for any person as ~~insurance agent or insurance broker~~ an insurance producer to make,
36 negotiate, solicit, or in any manner aid in the transaction of such insurance, unless and except as
37 authorized under the provisions of Articles 1 through 64 of this Chapter."

38 **SECTION 14.(g)** G.S. 58-3-15 reads as rewritten:

39 "**§ 58-3-15. Additional or coinsurance clause.**

40 No insurance company or ~~agent~~ insurance producer licensed to do business in this State may
41 issue any policy or contract of insurance covering property in this State that contains any clause
42 or provision requiring the insured to take or maintain a larger amount of insurance than that
43 expressed in the policy, nor in any way provide that the insured shall be liable as a coinsurer with
44 the company issuing the policy for any part of the loss or damage to the property described in the
45 policy, and any such clause or provision shall be null and void, and of no effect: Provided, the
46 coinsurance clause or provision may be written in or attached to a policy or policies issued when
47 there is printed or stamped on the declarations page of the policy or on the form containing the
48 clause the words "coinsurance contract," and the Commissioner may, in the Commissioner's
49 discretion, determine the location of the words "coinsurance contract" and the size of the type to
50 be used. If there is a difference in the rate for the insurance with and without the coinsurance
51 clause, the rates for each shall be furnished the insured upon request."

1 **SECTION 14.(h)** G.S. 58-3-100(d) reads as rewritten:

2 "(d) If a foreign insurance company's license is suspended or revoked, the Commissioner
3 shall cause written notification of the suspension or revocation to be given to all of the company's
4 ~~agents~~ insurance producers in this State. Until the Commissioner restores the company's license,
5 the company shall not write any new business in this State."

6 **SECTION 14.(i)** G.S. 58-3-130 reads as rewritten:

7 "**§ 58-3-130. ~~Agent, Insurance producer, adjuster, etc., acting without a license or violating~~**
8 **insurance law.**

9 If any person shall assume to act either as principal, ~~agent, broker, insurance producer,~~ limited
10 representative, adjuster or motor vehicle damage appraiser without license as is required by law
11 or, pretending to be a principal, ~~agent, broker, insurance producer,~~ limited representative, adjuster
12 or licensed motor vehicle damage appraiser, shall solicit, examine or inspect any risk, or shall
13 examine into, adjust, or aid in adjusting any loss, investigate or advise relative to the nature and
14 amount of damages to motor vehicles or the amount necessary to effect repairs thereto, or shall
15 receive, collect, or transmit any premium of insurance, or shall do any other act in the soliciting,
16 making or executing any contract of insurance of any kind otherwise than the law permits, or as
17 principal or agent shall violate any provision of law contained in Articles 1 through 64 of this
18 Chapter, the punishment for which is not elsewhere provided for, he shall be deemed guilty of a
19 Class 1 misdemeanor."

20 **SECTION 14.(j)** G.S. 58-3-140 reads as rewritten:

21 "**§ 58-3-140. Temporary contracts of insurance permitted.**

22 A lender engaged in making or servicing real estate mortgage or deed of trust loans on one
23 to four family residences shall accept as evidence of insurance a temporary written contract of
24 insurance meeting the requirements of G.S. 58-44-20(4) and issued by any duly licensed
25 insurance ~~agent, broker, producer~~ or insurance company.

26 Nothing herein prohibits the lender from refusing to accept a binder or from disapproving
27 such insurer or ~~agent insurance producer~~ provided such refusal or disapproval is reasonable.

28 Such lender need not accept a binder unless such binder:

29 (1) Includes:

- 30 a. The name and address of the insured;
31 b. The name and address of the mortgagee;
32 c. A description of the insured collateral;
33 d. A provision that it may not be cancelled within a term of the binder
34 except upon 10 days' written notice to the mortgagee; and
35 e. The amount of insurance bound.

36 (2) Is accompanied by a paid receipt for one year's premium, except in the case
37 of the renewal of a policy subsequent to the closing of a loan; and

38 (3) Includes an undertaking of ~~agent insurance producer~~ to use his best efforts to
39 have the insurance company issue a policy.

40 The Department may require binders to contain any additional information to permit the
41 binders to comply with the reasonable requirements of Fannie Mae, the Government National
42 Mortgage Association, or the Federal Home Loan Mortgage Corporation for purchase of
43 mortgage loans."

44 **SECTION 14.(k)** G.S. 58-3-145 reads as rewritten:

45 "**§ 58-3-145. Solicitation, negotiation or payment of premiums on insurance policies.**

46 An ~~insurer, agent, or broker~~ insurer or insurance producer may accept payment of an
47 insurance premium by credit card or debit card if the insurer accepting payment by credit card or
48 debit card meets the following conditions:

49 (1) The insurer complies with the prohibition against unfair discrimination
50 contained in G.S. 58-63-15(7).

- 1 (2) The insurer pays the fees charged by the credit card company or debit card
2 issuer for the payment of premiums by credit card or debit card."

3 **SECTION 14.(l)** G.S. 58-3-147 reads as rewritten:

4 **"§ 58-3-147. Credit card guaranty or collateral prohibited.**

5 No insurer, representative of any insurer, or insurance ~~broker-producer~~ shall enter into any
6 arrangement that involves the sale of insurance or the pledging of existing insurance as guaranty
7 or collateral for the issuance of any credit card."

8 **SECTION 14.(m)** G.S. 58-3-155(a)(1) reads as rewritten:

9 "(a) As used in this section:

- 10 (1) "Broker" ~~means a person who, being a licensed agent, obtains insurance for~~
11 ~~another party through a duly authorized agent of an insurer that is licensed to~~
12 ~~do business in this State but for which the broker is not authorized to act as~~
13 ~~agent.~~ has the same meaning as defined in G.S. 58-33-10(3)."

14 **SECTION 14.(n)** G.S. 58-3-180(d) reads as rewritten:

15 "(d) As used in this section, "insurer representative" includes an insurance ~~agent,~~ agent, producer,
16 limited representative, broker, adjuster, and appraiser."

17 **SECTION 14.(o)** G.S. 58-3-275(a)(2) reads as rewritten:

18 "(a) An insurer that determines to create a closed block of business in this State shall no
19 later than 60 days prior to the closure date:

20 ...

- 21 (2) Inform each ~~agent and broker~~ insurance producer selling the product of the
22 decision and the date of closure."

23 **SECTION 14.(p)** G.S. 58-7-55 reads as rewritten:

24 **"§ 58-7-55. Exceptions to requirements of G.S. 58-7-50.**

25 The provisions of G.S. 58-7-50 shall not be deemed to prohibit or prevent an insurer from:

26 ...

- 27 (5) Permitting policyholder and certificate holder records and claims and other
28 information to be kept and maintained by insurance producers, agents, general
29 agents, third-party administrators, creditors, employers, associations, and
30 others in the ordinary course of business in a manner customary or suitable to
31 the kind or kinds of insurance transacted; provided, however, that the insurer
32 shall, upon reasonable notice, make available to the Commissioner or his
33 designee any records or other information permitted by this subsection to be
34 maintained outside this State."

35 **SECTION 14.(q)** G.S. 58-9-2(a)(7) reads as rewritten:

36 **"§ 58-9-2. Reinsurance intermediaries.**

37 (a) As used in this Article:

38 ...

- 39 (7) "Producer" means an insurance ~~agent or insurance broker-producer~~ licensed
40 under Article 33 of this Chapter or an intermediary licensed under this
41 Article."

42 **SECTION 14.(r)** G.S. 58-10-30(a) reads as rewritten:

43 "(a) The transferring insurer shall provide or cause to be provided to each policyholder a
44 notice of transfer by first-class mail, addressed to the policyholder's last known address or to the
45 address to which premium notices or other policy documents are sent; or with respect to home
46 service business, by personal delivery with acknowledged receipt. A notice of transfer shall also
47 be sent to the transferring insurer's ~~agents or brokers~~ insurance producers of record on the affected
48 policies."

49 **SECTION 14.(s)** G.S. 58-10-650 reads as rewritten:

50 **"§ 58-10-650. Other laws applicable to captive insurance companies.**

1 In addition to the statutes and laws previously referred to in this Part, the following provisions
 2 of this Chapter are applicable to all captive insurance companies subject to this Part:

- 3 ...
 4 (3) G.S. 58-2-162. – Embezzlement by insurance ~~agents, brokers, producers,~~ or
 5 administrators.
 6 (4) G.S. 58-2-185. – Record of business kept by companies and ~~agents;~~ insurance
 7 producers; Commissioner may inspect.
 8 (5) G.S. 58-2-190. – Commissioner may require special reports.
 9 (6) G.S. 58-2-195. – Commissioner may require records, reports, etc., for
 10 agencies, ~~agents, insurance producers,~~ and others.
 11"

12 **SECTION 14.(t)** G.S. 58-15-55 reads as rewritten:

13 **"§ 58-15-55. Agent's Insurance producer license.**

14 No person shall act in this State as an agent of a reciprocal in the solicitation or procurement
 15 of applications for insurance, subscriber's agreements, or powers of attorney, or in the collection
 16 of premiums in connection with the reciprocal, without first procuring an ~~agent's insurance~~
 17 producer license from the Commissioner pursuant to Article 33 of this Chapter. An agent shall
 18 be appointed by each reciprocal the agent represents."

19 **SECTION 14.(u)** G.S. 58-19-10(a)(2) reads as rewritten:

20 "(a) Any domestic insurer, either by itself or in cooperation with one or more persons,
 21 may organize or acquire one or more subsidiaries engaged in the following kinds of business:

- 22 ...
 23 (2) Acting as an insurance ~~broker or as an insurance agent-producer~~ for its parent
 24 or for any of its parent's insurer subsidiaries."

25 **SECTION 14.(v)** G.S. 58-21-10 reads as rewritten:

26 **"§ 58-21-10. Definitions.**

27 As used in this Article:

- 28 ...
 29 (6) "Producing broker" means an ~~agent or broker~~ insurance producer licensed
 30 under Article 33 of this Chapter who deals directly with the party seeking
 31 insurance and who may also be a surplus lines licensee.

32"

33 **SECTION 14.(w)** G.S. 58-21-21(g) reads as rewritten:

34 "(g) All financial and solvency requirements imposed upon domestic admitted insurers
 35 including the following, shall apply to nonadmitted domestic surplus lines insurers unless
 36 nonadmitted domestic surplus lines insurers are otherwise specifically exempted:

- | | |
|-------------------|---|
| 37 G.S. 58-1-5. | Definitions. |
| 38 G.S. 58-2-125. | Authority over all insurance companies; no exemptions from
license. |
| 39 G.S. 58-2-131. | Examinations to be made; authority, scope, scheduling, and
conduct of examinations. |
| 40 G.S. 58-2-132. | Examination Reports. |
| 41 G.S. 58-2-133. | Conflict of interest; cost of examinations; immunity from
liability. |
| 42 G.S. 58-2-134. | Cost of certain examinations. |
| 43 G.S. 58-2-150. | Oath required for compliance with law. |
| 44 G.S. 58-2-155. | Investigation of charges. |
| 45 G.S. 58-2-160. | Reporting and investigation of insurance and reinsurance
fraud and the financial condition of licensees; immunity from
liability. |

- 1 G.S. 58-2-162. Embezzlement by insurance ~~agents, brokers, producers~~ or
 2 administrators.
 3 G.S. 58-2-165. Annual, semiannual, monthly, or quarterly statements to be
 4 filed with Commissioner.
 5 G.S. 58-2-185. Record of business kept by companies and ~~agents; insurance~~
 6 producers; Commissioner may inspect.
 7 G.S. 58-2-190. Commissioner may require special reports.
 8 G.S. 58-2-195. Commissioner may require records, reports, etc., for
 9 agencies, ~~agents, insurance producers~~, and others.

10"

11 **SECTION 14.(x)** G.S. 58-21-65 reads as rewritten:

12 "**§ 58-21-65. Licensing of surplus lines license.**

13 (a) For insureds whose home state is this State, no ~~agent or broker insurance producer~~
 14 licensed by the Commissioner shall directly procure any contract of surplus lines insurance with
 15 any nonadmitted domestic surplus lines insurer or nonadmitted insurer, unless he possesses a
 16 current surplus lines insurance license issued by the Commissioner.

17 (b) The Commissioner shall issue a surplus lines license to any qualified holder of a
 18 current ~~property and casualty agent's license, insurance producer license with property and~~
 19 casualty lines of authority, but only when the agent has done all of the following:

- 20 (1) Remitted the fifty dollars (\$50.00) annual fee to the Commissioner.
 21 (2) Submitted a completed license application on a form supplied by the
 22 Commissioner, and the application has been approved by the Commissioner.
 23 (3) Passed a qualifying examination approved by the Commissioner; except that
 24 all holders of a license prior to July 11, 1985 shall be deemed to have passed
 25 such an examination.
 26 (4) Repealed by Session Laws 2004-199, s. 20(c), effective August 17, 2004.

27"

28 **SECTION 14.(y)** G.S. 58-21-70(a) reads as rewritten:

29 "(a) A surplus lines licensee may originate surplus lines insurance or accept such
 30 insurance from any other duly licensed ~~agent or broker, insurance producer~~, and the surplus lines
 31 licensee may compensate such ~~agent or broker insurance producer~~ therefor."

32 **SECTION 14.(z)** G.S. 58-22-20 reads as rewritten:

33 "**§ 58-22-20. Risk retention groups not chartered in this State.**

34 Risk retention groups that have been chartered in states other than this State and that seek to
 35 do business as risk retention groups in this state must observe and abide by the laws of this State
 36 as follows:

37 ...

38 (3) Taxation.

- 39 a. All premiums paid for coverages within this State to risk retention
 40 groups shall be subject to taxation at the same rate and subject to the
 41 same payment procedures and to the same interest, fines, and penalties
 42 for nonpayment as those applicable to surplus lines insurance under
 43 Article 21 of this Chapter. Premiums paid by purchasing groups are,
 44 however, taxed as provided in G.S. 58-22-35(b).
 45 b. To the extent licensed ~~agents or brokers insurance producers~~ are
 46 utilized pursuant to G.S. 58-22-60, they shall report and pay the taxes
 47 for the premiums for risks that they have placed with or on behalf of a
 48 risk retention group not chartered in this State. Such ~~agent or broker~~
 49 insurance producer shall keep a complete and separate record of all
 50 policies procured from each such risk retention group, which record
 51 shall be open to examination by the Commissioner, as provided in

1 G.S. 58-2-185. These records shall, for each policy and each kind of
2 insurance provided thereunder, include the following:

- 3 1. The limit of liability;
- 4 2. The time period covered;
- 5 3. The effective date;
- 6 4. The name of the risk retention group that issued the policy;
- 7 5. The gross premium charged; and
- 8 6. The amount of return premiums, if any.

- 9 c. To the extent that insurance ~~agents or brokers~~ producers are not
10 utilized or fail to pay the tax, each risk retention group shall pay the
11 tax for risks insured within the State. Each risk retention group shall
12 report to the Commissioner all premiums paid to it for risks insured
13 within the State.

14"

15 **SECTION 14.(aa)** G.S. 58-22-35(b)(2) reads as rewritten:

16 "(b) Taxes on premiums paid for coverage of risks resident or located in this State by a
17 purchasing group or any members of the purchasing group shall be:

18 ...

- 19 (2) Paid first by such insurance source, and if not by such source then by the ~~agent~~
20 ~~or broker~~ insurance producer for the purchasing group, and if not by such
21 ~~agent or broker~~ insurance producer then by the purchasing group, and if not
22 by such group then by each of its members."

23 **SECTION 14.(bb)** G.S. 58-22-45(a) reads as rewritten:

24 "(a) A purchasing group may not purchase insurance from a risk retention group that is
25 not chartered in a state nor from an insurer not admitted in the state in which the purchasing
26 group is located, unless the purchase is effected through a licensed ~~agent or broker~~ producer
27 acting pursuant to the surplus lines laws and regulations of such state."

28 **SECTION 14.(cc)** G.S. 58-22-60 reads as rewritten:

29 **"§ 58-22-60. Duty of agents or brokers to obtain license.**

30 Any person acting, or offering to act, as an agent or broker for a risk retention group or
31 purchasing group, that solicits members, sells insurance coverage, purchases coverage for its
32 members located within the State, or otherwise does business in this State shall, before
33 commencing any such activity, obtain a an insurance producer license from the Commissioner."

34 **SECTION 14.(dd)** G.S. 58-24-160(a) reads as rewritten:

35 "(a) Agents of societies shall be licensed in accordance with the provisions of the general
36 insurance laws regulating the licensing, revocation, suspension or termination of license of
37 resident and nonresident ~~agents;~~ insurance producers; provided that agents licensed pursuant to
38 former G.S. 58-268 as of July 1, 1977, shall be exempt from examination."

39 **SECTION 14.(ee)** G.S. 58-25-25 reads as rewritten:

40 **"§ 58-25-25. Conditions precedent to doing business.**

41 Any such fraternal order, society, or association as defined by this Article, chartered and
42 organized in this State or organized and doing business under the laws of any other state, district,
43 province, or territory, having the qualifications required of domestic societies of like character,
44 upon satisfying the Commissioner that its business is proper and legitimate and so conducted,
45 may be admitted to transact business in this State upon the same conditions as are prescribed by
46 Articles 1 through 64 of this Chapter for admitting and authorizing foreign insurance companies
47 to do business in this State, except that such fraternal orders shall not be required to have the
48 capital required of such insurance companies. Organizers or agents shall be licensed without
49 requiring an examination; provided, organizers or agents who are engaged in or intend to engage
50 in the sale of individual policies of life insurance shall take the examination required of life

1 insurance ~~agents—producers.~~ Those organizers or agents licensed for the sale of insurance
2 pursuant to former G.S. 58-268 as of July 1, 1977, shall be exempt from examination."

3 **SECTION 14.(ff)** G.S. 58-34-2(c) reads as rewritten:

4 "(c) No person shall act as an MGA with respect to risks located in this State for an insurer
5 unless that person is a licensed ~~agent—insurance producer~~ in this State. No person shall act as an
6 MGA representing an insurer with respect to risks located outside of this State unless that person
7 is licensed as an ~~agent—insurance producer~~ in this State; and the license may be a nonresident
8 license. The Commissioner may require a bond in an amount acceptable to the Commissioner for
9 the protection of the insurer. The Commissioner may require the MGA to maintain an errors and
10 omissions policy."

11 **SECTION 14.(gg)** G.S. 58-35-1 reads as rewritten:

12 "**§ 58-35-1. Definitions.**

13 When used in this Article:

14 (1) An insurance premium finance company is hereby defined to be:

- 15 a. Any person engaged, in whole or in part, in the business of entering
16 into insurance premium finance agreements with insureds; or
17 b. Any person engaged, in whole or in part, in the business of acquiring
18 insurance premium finance agreements from other insurance premium
19 finance companies.

20 (2) "Insurance premium finance agreement" means a promissory note or other
21 written agreement by which an insured promises or agrees to pay to, or to the
22 order of, an insurance premium finance company the amount advanced or to
23 be advanced under the agreement to an insurer or to an insurance ~~agent,~~
24 producer, in payment of premiums on an insurance contract, together with a
25 service charge as authorized and limited by this Article."

26 **SECTION 14.(hh)** G.S. 58-35-5(e) reads as rewritten:

27 "(e) There shall be two types of licenses issued to an insurance premium finance company:

- 28 (1) An "A" type license shall be issued to insurance premium finance companies
29 whose business of insurance premium financing is limited to the financing of
30 insurance premiums of one insurance ~~agent—producer~~ or agency and whose
31 primary function is to finance only the insurance premium of such ~~agent~~
32 insurance producer or agency. The license fee for an "A" type license shall be
33 six hundred dollars (\$600.00) for each license year or part thereof.
34 (2) A "B" type license shall be issued to an insurance premium finance company
35 whose business of insurance premium financing is not limited to the financing
36 of insurance premiums of one insurance ~~agent—producer~~ or agency and whose
37 primary function is to finance the insurance premiums of more than one
38 insurance ~~agent—producer~~ or agency. The license fee for a "B" type license
39 shall be two thousand four hundred dollars (\$2,400) for each license year or
40 part thereof.

41 A branch office license may be issued for either an "A" type or "B" type license to the second
42 and any subsequent locations where the company operates an office. The fee for the branch office
43 license shall be one hundred dollars (\$100.00) for each license year or part thereof. The
44 examination fee when required by this section shall be two hundred fifty dollars (\$250.00) per
45 application."

46 **SECTION 14.(ii)** G.S. 58-35-10(c) reads as rewritten:

47 "(c) ~~A fire and casualty—An insurance agent or an insurance broker—producer with a~~
48 property and casualty lines of authority duly licensed in this State who extends credit to and only
49 to his own policyholders may charge and collect finance charges or other fees at a periodic
50 (monthly) rate as provided in G.S. 24-11(a), after said amount has been outstanding for 30 days,
51 and is hereby exempt from the provisions of this Article. Notwithstanding the exceptions set forth

1 in subsections (a), (b) and (c) of this section, when any person, firm, or corporation shall exercise
2 a power of attorney taken in connection with the financing of an insurance premium, such person,
3 firm or corporation shall comply with the requirements of G.S. 58-35-85, as if it were an
4 insurance premium financing company."

5 **SECTION 14.(jj)** G.S. 58-35-40 reads as rewritten:

6 "**§ 58-35-40. Rebates and inducements prohibited; assignment of insurance premium**
7 **finance agreements.**

8 (a) No insurance premium finance company shall pay, allow, or offer to pay or allow
9 payment to an insurance ~~agent~~, producer, and no insurance ~~agent~~ producer shall accept from a
10 company, a rebate as an inducement to the financing of an insurance policy with the company.
11 No insurance premium finance company shall give or offer to give to an insurance ~~agent~~,
12 producer, and no insurance ~~agent~~ producer shall accept from a company, any valuable
13 consideration or inducement of any kind, directly or indirectly, other than an article of
14 merchandise not exceeding one dollar (\$1.00) in value which shall have thereon the
15 advertisement of the insurance premium finance company. An insurance premium finance
16 company may purchase or otherwise acquire an insurance premium finance agreement from
17 another insurance premium finance company with recourse against the insurance premium
18 finance company on such terms and conditions as may be mutually agreed upon by the parties,
19 if the agreement complies with the requirements of this Article. The terms and conditions of the
20 agreement shall be subject to the approval of the Commissioner.

21 (b) No filing of the assignment or notice thereof to the insured shall be necessary to the
22 validity of the written assignment of an insurance premium finance agreement as against creditors
23 or subsequent purchases, pledges, or encumbrancers of the assignor.

24 (c) As used in this section, the term "insurance premium finance company" includes
25 employees of the company; the term "~~insurance agent~~" "insurance producer" includes employees
26 of the insurance ~~agent~~, producer; and the word "company" means an insurance premium finance
27 company."

28 **SECTION 14.(kk)** G.S. 58-35-50(b) reads as rewritten:

29 "(b) An insurance premium finance agreement shall:

30 (1) Contain the following:

- 31 a. The name and place of business of the insurance ~~agent or broker~~
32 producer negotiating the related insurance contract;
- 33 b. The name of the insured and the residence, the place of business, or
34 any other mailing address of the insured as specified by the insured;
- 35 c. The name and place of business of the insurance premium finance
36 company to which installments or other payments are to be made;
- 37 d. A brief description of the insurance contract;
- 38 e. The premiums for which are advanced or to be advanced under the
39 agreement; and
- 40 f. The amount of the premiums for such insurance contract; and

41"

42 **SECTION 14.(ll)** G.S. 58-35-55(e) reads as rewritten:

43 "(e) No insurance ~~agent~~ producer or insurance premium finance company shall induce an
44 insured to become obligated under more than one insurance premium finance agreement for the
45 purpose of or with the effect of obtaining service charges in excess of those authorized by this
46 Article."

47 **SECTION 14.(mm)** G.S. 58-35-60 reads as rewritten:

48 "**§ 58-35-60. Prohibited provisions in insurance premium finance agreements.**

49 No insurance premium finance agreement shall contain any provisions by which:

- 50 (1) In the absence of default of the insured, the insurance premium finance
51 company holding the agreement may, arbitrarily and without reasonable

1 cause, accelerate the maturity of any part or all of the amount owing
2 thereunder;

3 (2) A power of attorney is given to confess judgment in this State; or

4 (3) The insured relieves the insurance ~~agent-producer~~ or the insurance premium
5 finance company holding the agreement from liability for any legal rights or
6 remedies which the insured may otherwise have against him."

7 **SECTION 14.(nn)** G.S. 58-35-65 reads as rewritten:

8 **"§ 58-35-65. Delivery of copy of insurance premium finance agreement to insured.**

9 Before the due date of the first installment payable under an insurance premium finance
10 agreement, the insurance premium finance company holding the agreement or the insurance
11 ~~agent-producer~~ shall cause to be delivered to the insured, or mail to the insured at the insured's
12 address as shown in the agreement, a copy of the agreement."

13 **SECTION 14.(oo)** G.S. 58-35-85 reads as rewritten:

14 **"§ 58-35-85. Procedure for cancellation of insurance contract upon default; return of
15 unearned premiums; collection of cash surrender value.**

16 When an insurance premium finance agreement contains a power of attorney or other
17 authority enabling the insurance premium finance company to cancel any insurance contract or
18 contracts listed in the agreement, the insurance contract or contracts shall not be cancelled unless
19 the cancellation is effectuated in accordance with the following provisions:

20 (1) Not less than 10 days' written notice is sent by personal delivery, first-class
21 mail, electronic mail, or facsimile transmission to the last known address of
22 the insured or insureds shown on the insurance premium finance agreement
23 of the intent of the insurance premium finance company to cancel his or their
24 insurance contract or contracts unless the defaulted installment payment is
25 received. Notification thereof shall also be provided to the insurance
26 ~~agent-producer~~.

27 (2) After expiration of the 10-day period, the insurance premium finance
28 company shall send the insurer a request for cancellation and shall send notice
29 of the requested cancellation to the insured by personal delivery, first-class
30 mail, electronic mail, electronic transmission, or facsimile transmission at his
31 last known address as shown on the records of the insurance premium finance
32 company and to the ~~agent-insurance producer~~. Upon written request of the
33 insurance company, the premium finance company shall furnish a copy of the
34 power of attorney to the insurance company. The written request shall be sent
35 by mail, personal delivery, electronic mail, or facsimile transmission.

36 ...

37 (4a) If an insurer receives notification from an insurance ~~agent-producer~~ or
38 premium finance company that the initial down payment for the premium
39 being financed has been dishonored by a financial institution, or otherwise
40 unpaid, there is no valid contract for insurance and the policy will be voided.

41"

42 **SECTION 14.(pp)** G.S. 58-36-1 reads as rewritten:

43 **"§ 58-36-1. North Carolina Rate Bureau created.**

44 There is hereby created a Bureau to be known as the "North Carolina Rate Bureau," with the
45 following objects and functions:

46 ...

47 (5) a. It is the duty of every insurer that writes workers' compensation
48 insurance in this State and is a member of the Bureau, as defined in
49 this section and G.S. 58-36-5 to insure and accept any workers'
50 compensation insurance risk that has been certified to be "difficult to
51 place" by any fire and casualty insurance ~~agent-producer~~ with property

1 and casualty lines of authority who is licensed in this State. When any
 2 such risk is called to the attention of the Bureau by receipt of an
 3 application with an estimated or deposit premium payment and it
 4 appears that the risk is in good faith entitled to such coverage, the
 5 Bureau will bind coverage for 30 days and will designate a member
 6 who must issue a standard workers' compensation policy of insurance
 7 that contains the usual and customary provisions found in those
 8 policies. Multiple coordinated policies, as defined by the Bureau and
 9 approved by the Commissioner, may be used for the issuance of
 10 coverage under this subdivision for risks involved in employee leasing
 11 arrangements. Coverage will be bound at 12:01 A.M. on the first day
 12 following the postmark time and date on the envelope in which the
 13 application is mailed including the estimated annual or deposit
 14 premium, or the expiration of existing coverage, whichever is later. If
 15 there should be no postmark, coverage will be effective 12:01 A.M. on
 16 the date of receipt by the Bureau unless a later date is requested. Those
 17 applications hand delivered to the Bureau will be effective as of 12:01
 18 A.M. of the date following receipt by the Bureau unless a later date is
 19 requested. The Bureau will make and adopt such rules as are necessary
 20 to carry this section into effect, subject to final approval of the
 21 Commissioner. As a prerequisite to the transaction of workers'
 22 compensation insurance in this State, every member of the Bureau that
 23 writes such insurance must file with the Bureau written authority
 24 permitting the Bureau to act in its behalf, as provided in this section,
 25 and an agreement to accept risks that are assigned to the member by
 26 the Bureau, as provided in this section.

27 b. The Bureau shall maintain a compendium of employers refused
 28 voluntary coverage, which shall be made available by the Bureau to
 29 all insurers, licensed ~~agents, producers,~~ and self-insureds'
 30 administrators doing business in this State. It shall be stored and
 31 indexed to allow access to information by industry, primary
 32 classifications of employees, geography, experience modification, and
 33 in any other manner the Bureau determines is commercially useful to
 34 facilitate voluntary coverage of listed employers. The Bureau shall be
 35 immune from civil liability for erroneous information released by the
 36 Bureau pursuant to this section, provided that the Bureau acted in good
 37 faith and without malicious or willful intent to harm in releasing the
 38 erroneous information.

39 c. Failure or refusal by any assigned employer risk to make full
 40 disclosure to the Bureau, servicing carrier, or insurer writing a policy
 41 of information regarding the employer's true ownership, change of
 42 ownership, operations, or payroll, or any other failure to disclose fully
 43 any records pertaining to workers' compensation insurance shall be
 44 sufficient grounds for the termination of the policy of that employer.

45 "

46 **SECTION 14.(qq)** G.S. 58-36-45 reads as rewritten:

47 "**§ 58-36-45. Notice of coverage or rate change.**

48 Whenever an insurer changes the coverage other than at the request of the insured or changes
 49 the premium rate, it shall give the insured written notice of such coverage change or premium
 50 rate change at least 15 days in advance of the effective date of such change or changes with a
 51 copy of such notice to the ~~agent, insurance producer.~~ This section shall apply to all policies and

1 coverages subject to the provisions of this Article except workers' compensation insurance and
2 employers' liability insurance written in connection therewith."

3 **SECTION 14.(rr)** G.S. 58-36-85(h) reads as rewritten:

4 "(h) Liability Limit. – There is no liability on the part of and no cause of action for
5 defamation or invasion of privacy arises against an insurer, an insurer's authorized
6 representatives, agents, or employees, or a licensed insurance ~~agent or broker~~ producer for a
7 communication or statement made concerning a written notice of termination."

8 **SECTION 14.(ss)** G.S. 58-36-90(e) reads as rewritten:

9 "(e) Indemnification. – An insurer shall indemnify, defend, and hold ~~agents~~ insurance
10 producers harmless from and against all liability, fees, and costs arising out of or relating to the
11 actions, errors, or omissions of an ~~agent~~ insurance producer who obtains or uses credit
12 information or credit scores for an insurer, provided the ~~agent~~ insurance producer follows the
13 instructions or procedures established by the insurer and complies with any applicable law or
14 regulation. Nothing in this subsection shall be construed to provide a consumer or other insured
15 with a cause of action that does not exist in the absence of this subsection."

16 **SECTION 14.(tt)** G.S. 58-36-105(e) reads as rewritten:

17 "(e) Copies of the notice required by this section shall also be sent to the ~~agent or broker~~
18 insurance producer of record though failure to send copies of the notice to those persons shall
19 not invalidate the cancellation. Mailing copies of the notice by regular first-class mail to the ~~agent~~
20 ~~or broker~~ insurance producer of record satisfies the requirements of this subsection."

21 **SECTION 14.(uu)** G.S. 58-36-110(f) reads as rewritten:

22 "(f) Copies of the notice required by this section shall also be sent to the ~~agent or broker~~
23 insurance producer of record, though failure to send copies of the notice to such persons shall not
24 invalidate the nonrenewal."

25 **SECTION 14.(vv)** G.S. 58-37-25(c) reads as rewritten:

26 "(c) Upon the written request of any eligible risk who has been notified pursuant to
27 subsection (b) of this section that his motor vehicle insurance policy has been ceded to the
28 Facility, the insurer ceding the insurance policy must provide in writing to that eligible risk the
29 specific reason or reasons for the decision to cede that policy to the Facility. Proof of mailing of
30 the written reason or reasons is sufficient proof of compliance with this obligation. With regard
31 to any notice of cession or any written or oral communications specifying the reason or reasons
32 for cession, there will be no liability on the part of, and no cause of action of any nature will arise
33 against, (i) any insurer or its authorized representatives, agents, or employees, or (ii) any licensed
34 ~~agent, broker,~~ insurance producer or persons who furnish to the insurer information as to the
35 reason or reasons for the cession, for any communications or statements made by them, unless
36 the communications or statements are shown to have been made in bad faith with malice in fact."

37 **SECTION 14.(ww)** G.S. 58-37-30 reads as rewritten:

38 **"§ 58-37-30. General obligations of ~~agents~~ insurance producers.**

39 (a) Except as otherwise provided in this Article, no licensed ~~agent~~ insurance producer of
40 an insurer authorized to solicit and accept premiums for motor vehicle insurance or any
41 component thereof by the company he represents shall refuse on behalf of said company to accept
42 any application from an eligible risk for such insurance and to immediately bind the coverage
43 applied for and for a period of not less than six months if cession of the particular coverage and
44 coverage limits applied for are permitted in the Facility, provided the application is submitted
45 during the ~~agent's~~ insurance producer's normal business hours, at his customary place of business
46 and in accordance with the ~~agent's~~ insurance producer's customary practices and procedures. The
47 commission paid on the insurance coverages provided in this Article shall not be less than the
48 commission on insurance coverage written through the North Carolina Insurance Plan on May 1,
49 1973. The same commission shall apply uniformly statewide.

50 (b) It shall be the responsibility of the ~~agent~~ insurance producer to write the coverage
51 applied for at what he believes to be the appropriate rate level. If coverage is written at the Facility

1 rate level and the company elects not to cede, the policy shall be rated at a rate under Article 36
 2 of this Chapter. Coverage written at a rate under Article 36 of this Chapter that is not acceptable
 3 to the company must either be placed with another company or rated at the Facility rate level by
 4 the ~~agent~~insurance producer."

5 **SECTION 14.(xx)** G.S. 58-37-35 reads as rewritten:

6 "**§ 58-37-35. The Facility; functions; administration.**

7 ...

8 (d) The Facility shall be administered by a Board of Governors. The Board of Governors
 9 shall consist of 12 members having one vote each from the classifications specified in this
 10 subsection and the Commissioner, who shall serve ex officio without vote. Each Facility
 11 insurance company member serving on the Board shall be represented by a senior officer of the
 12 company. Not more than one company in a group under the same ownership or management
 13 shall be represented on the Board at the same time. Five members of the Board shall be selected
 14 by the member insurers, which members shall be fairly representative of the industry. To insure
 15 representative member insurers, one each shall be selected from the following: the American
 16 Insurance Association (or its successors), the Property Casualty Insurers Association of America
 17 (or its successors), stock insurers not affiliated with those trade associations, nonstock insurers
 18 not affiliated with those trade associations, and the industry at large regardless of trade affiliation.
 19 The at-large insurer shall be selected by the insurer company members of the Board. The
 20 Commissioner shall appoint two members of the Board who are Facility insurance company
 21 members domiciled in this State. The Commissioner shall appoint five members of the Board
 22 who shall be ~~fire and casualty insurance agents-producers with property and casualty lines of~~
 23 authority licensed in this State and actively engaged in writing motor vehicle insurance in this
 24 State. The term of office of the Board members shall be three years. All members of the Board
 25 of Governors shall serve until their successors are selected and qualified and the Commissioner
 26 may fill any vacancy on the Board from any of the classifications specified in this subsection
 27 until the vacancies are filled in accordance with this Article. The Board of Governors of the
 28 Facility shall also have as nonvoting members two persons who are not employed by or affiliated
 29 with any insurance company or the Department and who are appointed by the Governor to serve
 30 at the Governor's pleasure.

31 ...

32 (g) Except as may be delegated specifically to others in the plan of operation or reserved
 33 to the members, power and responsibility for the establishment and operation of the Facility is
 34 vested in the Board of Governors, which power and responsibility include but is not limited to
 35 the following:

- 36 (1) To sue and be sued in the name of the Facility. No judgment against the
 37 Facility shall create any direct liability in the individual member companies
 38 of the Facility.
- 39 (2) To receive and record cessions.
- 40 (3) To assess members on the basis of participation ratios established in the plan
 41 of operation to cover anticipated or incurred costs of operation and
 42 administration of the Facility at such intervals as are established in the plan of
 43 operation.
- 44 (4) To contract for goods and services from others to assure the efficient operation
 45 of the Facility.
- 46 (5) To hear and determine complaints of any company, ~~agent~~insurance producer,
 47 or other interested party concerning the operation of the Facility.
- 48 (6) Upon the request of any licensed ~~fire and casualty agent~~insurance producer
 49 with property and casualty lines of authority meeting any two of the standards
 50 set forth below as determined by the Commissioner within 10 days of the
 51 receipt of the application, the Facility shall contract with one or more members

1 within 20 days of receipt of the determination to appoint such licensed ~~fire~~
2 ~~and casualty agent insurance producer with property and casualty lines of~~
3 authority as designated agents in accordance with reasonable rules as are
4 established by the plan of operation. The standards shall be:

- 5 a. Whether the ~~agent's insurance producer's~~ evidence establishes that he
6 has been conducting his business in a community for a period of at
7 least one year;
- 8 b. Whether the ~~agent's insurance producer's~~ evidence establishes that he
9 had a gross premium volume during the 13 months next preceding the
10 date of his application of at least twenty thousand dollars (\$20,000)
11 from motor vehicle insurance;
- 12 c. Whether the ~~agent's insurance producer's~~ evidence establishes that the
13 number of eligible risks served by him during the 13 months next
14 preceding the date of application was 200 or more;
- 15 d. Whether the ~~agent's insurance producer's~~ evidence establishes a
16 growth in eligible risks served and premium volume during his years
17 of service as an agent;
- 18 e. Whether the ~~agent's insurance producer's~~ evidence establishes that he
19 made available to eligible risks premium financing or any other plan
20 for deferred payment of premiums.

21 With respect to business produced by designated agents, adequate
22 provision shall be made by the Facility to assure that such business is rated
23 using Facility rates. All business produced by designated agents may be ceded
24 to the Facility, except designated agents appointed before September 1, 1987,
25 may place liability insurance policies with a voluntary carrier, provided that
26 all policies written by the voluntary carrier are retained by the voluntary
27 carrier unless ceded to the Facility using Facility rates. Designated agents
28 must provide the Facility with a list of such policies written by the voluntary
29 carrier at least annually, or as requested by the Facility, on a form approved
30 by the Facility. If no insurer is willing to contract with any such ~~agent~~
31 insurance producer on terms acceptable to the Board, the Facility shall ~~license~~
32 authorize such agent insurance producer to write directly on behalf of the
33 Facility. However, for this purpose the Facility does not act as an insurer, but
34 acts only as the statutory agent of all of the members of the Facility, which
35 shall be bound on risks written by the Facility's appointed agent. The Facility
36 may contract with one or more servicing carriers and shall promulgate fair and
37 reasonable underwriting procedures to require that business produced by
38 Facility agents and written through those servicing carriers shall be rated using
39 Facility rates. All business produced by Facility agents may be ceded to the
40 Facility. Any designated agent who is disabled or retiring or the estate of any
41 deceased designated agent may transfer the designation and the book of
42 business to some other licensed ~~fire and casualty agent insurance producer~~
43 with property and casualty lines of authority meeting the requirements of this
44 section and under rules established by the Facility, and a transfer from a
45 designated agent appointed before September 1, 1987, shall entitle the
46 transferee designated agent to place liability insurance policies with a
47 voluntary carrier.

48 The Commissioner shall require, as a condition precedent to the issuance,
49 renewal, or continuation of a resident ~~agent's insurance producer's~~ license to
50 any designated agent to act for the company appointing such designated agent
51 under contract with the Facility, that the designated agent file and thereafter

1 maintain in force while so licensed a bond in favor of the State of North
2 Carolina executed by an authorized corporate surety approved by the
3 Commissioner, cash, mortgage on real property, or other securities approved
4 by the Commissioner, in the amount of ten thousand dollars (\$10,000) for the
5 use of aggrieved persons. Such bond, cash, mortgage, or other securities shall
6 be conditioned on the accounting by the designated agent (i) to any person
7 requesting the designated agent to obtain motor vehicle insurance for moneys
8 or premiums collected in connection therewith, and (ii) to the company
9 providing coverage with respect to any such moneys or premiums under
10 contract with the Facility. Any such bond shall remain in force until the surety
11 is released from liability by the Commissioner, or until the bond is cancelled
12 by the surety. Without prejudice to any liability accrued prior to such
13 cancellation, the surety may cancel the bond upon 30 days' advance notice in
14 writing filed with the Commissioner.

15 No ~~agent-insurance producer~~ may be designated under this subdivision to
16 any insurer that does not actively write voluntary market business.

17"

18 **SECTION 14.(yy)** G.S. 58-37-65(a) reads as rewritten:

19 "(a) Any applicant for a policy from any carrier, any person insured under such a policy,
20 any member of the Facility and any ~~agent-insurance producer~~ duly licensed to write motor vehicle
21 insurance, may request a formal hearing and ruling by the Board of Governors of the Facility on
22 any alleged violation of or failure to comply with the plan of operation or the provisions of this
23 Article or any alleged improper act or ruling of the Facility directly affecting him as to coverage
24 or premium or in the case of a member directly affecting its assessment, and in the case of an
25 ~~agent-insurance producer~~, any matter affecting his appointment to a carrier or his account
26 therewith. The request for hearing must be made within 15 days after the date of the alleged
27 violation or improper act or ruling. The hearing shall be held within 15 days after the receipt of
28 the request. The hearing may be held by any panel of the Board of Governors consisting of not
29 less than three members thereof, and the ruling of a majority of the panel shall be deemed to be
30 the formal ruling of the Board, unless the full Board on its own motion shall modify or rescind
31 the action of the panel."

32 **SECTION 14.(zz)** G.S. 58-41-15(e) reads as rewritten:

33 "(e) Copies of the notice required by this section shall also be sent to the ~~agent or broker~~
34 ~~insurance producer~~ of record; however, failure to send copies of the notice to such persons shall
35 not invalidate the cancellation."

36 **SECTION 14.(aaa)** G.S. 58-41-20(f) reads as rewritten:

37 "(f) Copies of the notice required by this section shall also be sent the ~~agent or broker~~
38 ~~insurance producer~~ of record; however, failure to send copies of the notice to such persons shall
39 not invalidate the nonrenewal."

40 **SECTION 14.(bbb)** G.S. 58-41-25(e) reads as rewritten:

41 "(e) Copies of the notice required by this section shall also be given or mailed to any
42 designated mortgagee or loss payee and may also be given or mailed to the ~~agent or broker~~
43 ~~insurance producer~~ of record."

44 **SECTION 14.(ccc)** G.S. 58-41-40 reads as rewritten:

45 **§ 58-41-40. No liability for statements or communications made in good faith; prior notice**
46 **to ~~agents or brokers~~ insurance producers.**

47 (a) There is no liability on the part of and no cause of action for defamation or invasion
48 of privacy arises against any insurer or its authorized representatives, agents, or employees, or
49 any licensed insurance ~~agent or broker~~, producer, for any communication or statement made,
50 unless shown to have been made in bad faith with malice, in any of the following:

- 1 (1) A written notice of cancellation under G.S. 58-41-15 or of nonrenewal under
2 G.S. 58-41-20, specifying the reasons for cancellation.
3 (2) Communications providing information pertaining to the cancellation or
4 nonrenewal.
5 (3) Evidence submitted at any court proceeding, administrative hearing, or
6 informal inquiry in which the cancellation or nonrenewal is an issue.

7 (b) With respect to the notices that must be given or mailed to ~~agents or brokers~~ insurance
8 producers under G.S. 58-41-15, 58-41-20, and 58-41-25, the insurer may give or mail that notice
9 at the same time or prior to giving or mailing the notice to the insured."

10 **SECTION 14.(ddd)** G.S. 58-42-10(a) reads as rewritten:

11 "(a) Each plan shall require participation:

- 12 (1) By all insurers licensed in this State to write the kinds of insurance covered
13 by the specific plan;
14 (2) By all ~~agents~~ insurance producers licensed and appointed to represent those
15 insurers for that kind of insurance; and
16 (3) By every statistical organization that makes rates for that kind of insurance."

17 **SECTION 14.(eee)** G.S. 58-42-20 reads as rewritten:

18 **"§ 58-42-20. Classification and rates.**

19 Each plan shall provide for:

- 20 (1) The method of classifying risks;
21 (2) The making and filing of rates that are not excessive, inadequate, or unfairly
22 discriminatory and that are calculated on an actuarially sound basis and policy
23 forms applicable to the various risks insured by the plan;
24 (3) The adjusting and processing of claims;
25 (4) The commission rates to be paid to ~~agents or brokers~~ insurance producers for
26 coverages written by the plan; and
27 (5) Any other insurance or investment functions that are necessary for the purpose
28 of providing adequate and readily accessible coverage."

29 **SECTION 14.(fff)** G.S. 58-42-30 reads as rewritten:

30 **"§ 58-42-30. Duty to provide information.**

31 Every participating insurer and ~~agent~~ insurance producer shall provide to any person seeking
32 the insurance available in each plan, information about the services prescribed in the plan,
33 including full information on the requirements and procedures for obtaining insurance under the
34 plan, whenever the insurance is not readily available in the voluntary market."

35 **SECTION 14.(ggg)** G.S. 58-42-35 reads as rewritten:

36 **"§ 58-42-35. Provision of marketing facilities.**

37 If the Commissioner finds that the lack of participating insurers or ~~agents~~ insurance producers
38 in a geographic area makes the functioning of a plan difficult, he may order that the plan appoint
39 ~~agents~~ insurance producers on such terms as he designates or that the plan take other appropriate
40 steps to guarantee that service is available."

41 **SECTION 14.(hhh)** G.S. 58-43-5 reads as rewritten:

42 **"§ 58-43-5. Limitation as to amount and term; indemnity contracts for difference in actual
43 value and cost of replacement; functional replacement.**

44 No insurance company or ~~agent~~ insurance producer shall knowingly issue any fire insurance
45 policy upon property within this State for an amount which, together with any existing insurance
46 thereon, exceeds the fair value of the property, nor for a longer term than seven years: Provided,
47 any fire insurance company authorized to transact business in this State may, by appropriate
48 riders or endorsements or otherwise, provide insurance indemnifying the insured for the
49 difference between the actual value of the insured property at the time any loss or damage occurs,
50 and the amount actually expended to repair, rebuild or replace on the premises described in the
51 policy, or some other location within the State of North Carolina with new materials of like size,

1 kind and quality, property that has been damaged or destroyed by fire or other perils insured
2 against: Provided further, that the Commissioner may approve forms that permit functional
3 replacement by the insurance company, at the insured's option. Functional replacement means to
4 replace the property with property that performs the same function when replacement with
5 materials of like size, kind, and quality is not possible, necessary, or less costly than obsolete,
6 antique, or custom construction materials and methods. Forms and rating plans may also provide
7 for credits when functional replacement cost coverage is provided. Policies issued in violation of
8 this section are binding upon the company issuing them, but the company is liable for the
9 forfeitures by law prescribed for such violation."

10 **SECTION 14.(iii)** G.S. 58-43-30 reads as rewritten:

11 "**§ 58-43-30. Agreements restricting agent's insurance producer's commission; penalty.**

12 It is unlawful for any insurance company doing the business of insurance as defined in
13 subdivisions (3) to (22), inclusive, of G.S. 58-7-15 and employing an ~~agent~~insurance producer
14 representing another such company, either directly or through any organization or association, to
15 enter into, make or maintain any stipulation or agreement in anywise limiting the compensation
16 such ~~agent~~insurance producer may receive from any such other company or forbidding or
17 prohibiting reinsurance of the risks of any such domestic company in whole or in part by any
18 other company holding membership in or cooperating with such organization or association. The
19 penalty for any violation of this section shall be a fine of not less than one thousand dollars
20 (\$1,000) nor more than five thousand dollars (\$5,000), and the forfeiture of license to do business
21 in this State for a period of 12 months following conviction."

22 **SECTION 14.(jjj)** G.S. 58-43-35 reads as rewritten:

23 "**§ 58-43-35. Punishment for issuing fire policies contrary to law.**

24 Any insurance company or ~~agent~~insurance producer who makes, issues, or delivers a policy
25 of fire insurance in willful violation of the provisions of Articles 1 through 64 of this Chapter
26 that prohibit a domestic insurance company from issuing policies before obtaining a license from
27 the Commissioner; or that prohibit the issuing of a fire insurance policy for more than the fair
28 value of the property or for a longer term than seven years; or that prohibit stipulations in
29 insurance contracts restricting the jurisdiction of courts, or limiting the time within which an
30 action may be brought to less than one year after the cause of action accrues or to less than six
31 months after a nonsuit by the plaintiff, shall be guilty of a Class 3 misdemeanor and shall, upon
32 conviction, be punished only by a fine of not less than one thousand dollars (\$1,000) nor more
33 than five thousand dollars (\$5,000); but the policy shall be binding upon the company issuing it."

34 **SECTION 14.(kkk)** G.S. 58-45-35 reads as rewritten:

35 "**§ 58-45-35. Persons eligible to apply to Association for coverage; contents of application.**

36 (a) Any person having an insurable interest in insurable property, may, on or after the
37 effective date of the plan of operation, be entitled to apply to the Association for such coverage
38 and for an inspection of the property. ~~A broker or agent~~ An insurance producer authorized by the
39 applicant may apply on the applicant's behalf. Each application shall contain a statement as to
40 whether or not there are any unpaid premiums due from the applicant for essential property
41 insurance on the property.

42 The term "insurable interest" as used in this subsection shall include any lawful and
43 substantial economic interest in the safety or preservation of property from loss, destruction or
44 pecuniary damage.

45 ...

46 (d) An ~~agent~~insurance producer who is licensed under Article 33 of this Chapter and is
47 appointed as an agent of a company which is a member of the Association established under this
48 Article shall not be deemed an agent of the Association. The foregoing notwithstanding, an agent
49 of a company which is a member of the Association shall have the authority, subject to the
50 underwriting guidelines established by the Association, to temporarily bind coverage with the

1 Association. The Association shall establish rules and procedures, including any limitations for
2 binding authority, in the plan of operation.

3 Any unearned premium on the temporary binder shall be returned to the policyholder if the
4 Association refuses to issue a policy. Nothing in this section shall prevent the Association from
5 suspending binding authority in accordance with its plan of operation.

6"

7 **SECTION 14.(III)** G.S. 58-45-36 reads as rewritten:

8 "**§ 58-45-36. Temporary contracts of insurance.**

9 Consistent with G.S. 58-45-35(d), the Association shall be temporarily bound by a written
10 temporary binder of insurance issued by any duly licensed insurance ~~agent or broker.~~ producer.
11 Coverage shall be effective upon payment to the ~~agent or broker.~~ insurance producer of the entire
12 premium or part of the premium, as prescribed by the Association's plan of operation. Nothing
13 in this section shall impair or restrict the rights of the Association under G.S. 58-45-35(b) to
14 decline to issue a policy based upon a lack of insurability as determined by the Association or
15 the existence of an unpaid premium due from the applicant."

16 **SECTION 14.(mmm)** G.S. 58-45-55 reads as rewritten:

17 "**§ 58-45-55. Reports of inspection made available.**

18 All reports of inspection performed by or on behalf of the Association shall be made available
19 to the members of the Association, applicants, ~~agent or broker,~~ insurance producers, and the
20 Commissioner."

21 **SECTION 14.(nnn)** G.S. 58-46-10(b) reads as rewritten:

22 "(b) An ~~agent~~ insurance producer who is licensed under Article 33 of this Chapter and is
23 appointed as an agent of a company which is a member of the Association established under this
24 Article shall not be deemed an agent of the Association."

25 **SECTION 14.(ooo)** G.S. 58-46-20(c) reads as rewritten:

26 "(c) The Commissioner may designate the kinds of property insurance policies on
27 principal residences to be offered by the association, including insurance policies under Article
28 36 of this Chapter, and the commission rates to be paid to ~~agents or brokers.~~ insurance producers
29 for these policies, if he finds, after a hearing held in accordance with G.S. 58-2-50, that the public
30 interest requires the designation. The provisions of Chapter 150B do not apply to any procedure
31 under this subsection, except that G.S. 150B-39 and G.S. 150B-41 shall apply to a hearing under
32 this subsection. Within 30 days after the receipt of notification from the Commissioner of a
33 change in designation pursuant to this subsection, the association shall submit a revised plan and
34 articles of association for approval in accordance with subsection (b) of this section."

35 **SECTION 14.(ppp)** G.S. 58-47-60(14) reads as rewritten:

36 "(14) "Third-party administrator" or "TPA" means a person engaged by a board to
37 execute the policies established by the board and to provide day-to-day
38 management of the group. "Third-party administrator" or "TPA" does not
39 mean:

- 40 a. An employer acting on behalf of its employees or the employees of
41 one or more of its affiliates.
- 42 b. An insurer that is licensed under this Chapter or that is acting as an
43 insurer with respect to a policy lawfully issued and delivered by it and
44 under the laws of a state in which the insurer is licensed to write
45 insurance.
- 46 c. An ~~agent or broker.~~ insurance producer who is licensed by the
47 Commissioner under Article 33 of this Chapter whose activities are
48 limited exclusively to the sale of insurance.
- 49 d. An adjuster licensed by the Commissioner under Article 33 of this
50 Chapter whose activities are limited to adjustment of claims.
- 51 e. An individual who is an officer, a member, or an employee of a board."

1 **SECTION 14.(qqq)** G.S. 58-47-150(4) reads as rewritten:

2 "(4) "Third-party administrator" or "TPA" means a person engaged by a
3 self-insurer to execute the policies established by the self-insurer and to
4 provide day-to-day management of the self-insurer. "Third-Party
5 Administrator" and "TPA" does not mean:

- 6 a. A self-insurer acting on behalf of its employees or the employees of
7 one or more of its affiliates.
8 b. An insurer that is licensed under this Chapter or that is acting as an
9 insurer with respect to a policy lawfully issued and delivered by it and
10 under the laws of a state in which the insurer is licensed to write
11 insurance.
12 c. An ~~agent or broker~~ insurance producer who is licensed by the
13 Commissioner under Article 33 of this Chapter whose activities are
14 limited exclusively to the sale of insurance.
15 d. An adjuster licensed by the Commissioner under Article 33 of this
16 Chapter whose activities are limited to adjustment of claims.
17 e. An individual who is an officer, a member, or an employee of a board."

18 **SECTION 14.(rrr)** G.S. 58-48-30(a) reads as rewritten:

19 "(a) The board of directors of the Association shall consist of not less than five nor more
20 than nine persons serving terms as established in the plan of operation. One non-voting member
21 of the board shall be a property and casualty insurance ~~agent-producer~~ authorized to write
22 insurance for a member insurer, and appointed by the Commissioner; and the remaining members
23 shall be selected by member insurers subject to the approval of the Commissioner. Vacancies of
24 the board shall be filled for the remaining period of the term in the same manner as initial
25 appointments. If no members are selected within 60 days after June 25, 1971, the Commissioner
26 may appoint the initial members of the board of directors."

27 **SECTION 14.(sss)** G.S. 58-50-5(a), as amended by Section 6(a) of S.L. 2021-169,
28 reads as rewritten:

29 "(a) On and after January 1, 1956, each individual or family accident, health,
30 hospitalization policy, certificate or service plan of hospital service corporations shall be issued
31 only on application in writing signed by the insured or the head of the household or guardian.
32 Any application or enrollment form that is taken by a resident ~~agent~~ insurance producer shall also
33 contain the certificate of the ~~agent~~ insurance producer that the ~~agent~~ insurance producer has truly
34 and accurately recorded on the application or enrollment form the information supplied by the
35 insured. Every policy subject to the provisions of this section shall contain the original or a
36 reproduction of the application required by this section. This section shall not apply to travel or
37 dread disease policies or to policies issued pursuant to a group insurance conversion privilege. If
38 any policy to which this section applies delivered or issued for delivery to any person in this State
39 shall be reinstated or renewed, and the insured or the beneficiary or assignee of the policy shall
40 make written request to the insurer for a copy of the application for the reinstatement or renewal,
41 then the insurer shall within 15 days after the receipt of that request at the insurer's home office
42 or any branch office of the insurer, deliver or mail to the person making the request, a copy of
43 the requested application. If the copy shall not be so delivered or mailed, the insurer shall be
44 precluded from introducing the application as evidence in any action or proceeding based upon
45 or involving the policy or its reinstatement or renewal."

46 **SECTION 14.(ttt)** G.S. 58-50A-40 reads as rewritten:

47 "**§ 58-50A-40. Use of licensed ~~agents and brokers~~ insurance producers.**

48 Nothing in this Article shall preclude a sponsoring association from engaging a ~~broker or~~
49 ~~agent~~ an insurance producer licensed to sell insurance in this State for the purposes of reviewing
50 and considering any group health plan offered to a sponsoring association under this section."

1 **SECTION 14.(uuu)** G.S. 58-56-2(5), as amended by Section 3 of S.L. 2021-161,
2 reads as rewritten:

- 3 "(5) Third party administrator. A person who directly or indirectly solicits or
4 effects coverage of, underwrites, collects charges or premiums from, or
5 adjusts or settles claims on residents of this State, or residents of another state
6 from offices in this State, in connection with life or health insurance or
7 annuities, except any of the following:
- 8 a. An employer on behalf of its employees or the employees of one or
9 more of its affiliates.
 - 10 b. A union on behalf of its members.
 - 11 c. An insurer that is licensed under Articles 1 through 67 of this Chapter
12 or that is acting as an insurer with respect to a policy lawfully issued
13 and delivered by it and pursuant to the laws of a state in which the
14 insurer is licensed to write insurance.
 - 15 d. An ~~agent or broker~~ insurance producer who is licensed by the
16 Commissioner to sell life or ~~health~~ health-accident and health or sickness
17 insurance and whose activities are limited exclusively to the sale of
18 insurance.
 - 19 e. A creditor on behalf of its debtors with respect to insurance covering
20 a debt between the creditor and its debtors.
 - 21 f. A trust and its trustees, agents, and employees acting pursuant to the
22 trust established in conformity with 29 U.S.C. § 186.
 - 23 g. A trust exempt from taxation under section 501(a) of the Internal
24 Revenue Code and its trustees and employees acting pursuant to the
25 trust, or a custodian and the custodian's agents or employees acting
26 pursuant to a custodian account that meets the requirements of section
27 401(f) of the Internal Revenue Code.
 - 28 h. A financial institution subject to supervision or examination by federal
29 or state banking authorities, or a mortgage lender, to the extent the
30 financial institution or mortgage lender collects and remits premiums
31 to licensed insurance ~~agents~~ producers or authorized insurers in
32 connection with loan payments.
 - 33 i. An attorney-at-law who adjusts or settles claims in the normal course
34 of business as an attorney-at-law and who does not collect charges or
35 premiums in connection with life or health insurance or annuities.
 - 36 j. An adjuster licensed by the Commissioner whose activities are limited
37 to adjustment of claims.
 - 38 k. A person who acts solely as a TPA of one or more bona fide employee
39 benefit plans established by an employer, an employee organization,
40 or both, for which the insurance laws of this State are preempted
41 pursuant to the Employee Income Security Act of 1974. The person
42 shall comply with the requirements of G.S. 58-56-51(f).
 - 43 l. A managing general agent as defined in G.S. 58-34-2(a)(3), whose
44 activities are limited exclusively to the scope of the activities set forth
45 in the managing general agency contract filed by an insurer with the
46 Commissioner in accordance with G.S. 58-34-2(i).
 - 47 m. A pharmacy benefits manager licensed under Article 56A of this
48 Chapter."

49 **SECTION 14.(vvv)** G.S. 58-56-51(b)(6) reads as rewritten:

- 50 "(6) If the applicant will be managing the solicitation of new or renewal business,
51 evidence that it employs or has contracted with an ~~agent~~ insurance producer

1 licensed by this State for soliciting and taking applications. Any applicant that
2 intends to directly solicit insurance contracts or to otherwise act as an
3 insurance ~~agent-producer~~ must provide proof of having a license as an
4 insurance ~~agent-producer~~ in this State."

5 **SECTION 14.(www)** G.S. 58-57-95 reads as rewritten:

6 "**§ 58-57-95. Rebate of premiums on credit life and credit accident and health insurance;**
7 **retention of funds by agent.**

8 It shall be unlawful for any insurance carrier, or officer, agent or representative of an
9 insurance company writing credit life and credit accident and health insurance, as defined in
10 G.S. 58-58-10 and G.S. 58-51-100, or combination credit life, accident and health,
11 hospitalization and disability insurance in connection with loans, to permit any agent or
12 representative of such company to retain any portion of funds received for the payment of losses
13 incurred, or to be incurred, under such policies of insurance issued by such company, or to pay,
14 allow, permit, give or offer to pay, allow, permit or give, directly or indirectly, as an inducement
15 to insurance, or after insurance has been effected, any rebate, discount, abatement, credit or
16 reduction of the premium, to any loan agency, insurance agency or ~~broker,~~ insurance producer,
17 or to any creditor of the debtor on whose account the insurance was issued, or to any person, firm
18 or corporation which received a commission or fee in connection with the issuance of such
19 insurance: Provided, that this section shall not prohibit the payment of commissions to a licensed
20 insurance ~~agent-producer~~ or agency or limited representative on the sale of a policy of credit life
21 and credit accident and health insurance, or combination credit life, accident and health,
22 hospitalization and disability insurance in connection with loans."

23 **SECTION 14.(xxx)** G.S. 58-60-10(7)b. reads as rewritten:

24 "b. The name and address of the insurance ~~agent,~~ producer, or, if no ~~agent~~
25 insurance producer is involved, a statement of the procedure to be
26 followed in order to receive responses to inquiries regarding the Policy
27 Summary;"

28 **SECTION 14.(yyy)** G.S. 58-60-20 reads as rewritten:

29 "**§ 58-60-20. General rules relating to solicitation.**

30 ...

31 (b) An ~~agent-insurance producer~~ shall inform the prospective purchaser, prior to
32 commencing a life insurance sales presentation, that he is acting as a life insurance agent and
33 inform the prospective purchaser of the full name of the insurance company which he is
34 representing to the buyer. In sales situations in which an ~~agent-insurance producer~~ is not involved,
35 the insurer shall identify its full name.

36 (c) Terms such as financial planner, investment advisor, financial consultant, or financial
37 counseling shall not be used in such a way as to imply that the insurance ~~agent-producer~~ is
38 generally engaged in an advisory business in which compensation is unrelated to sales unless
39 such is actually the case.

40"

41 **SECTION 14.(zzz)** G.S. 58-60-35(b) reads as rewritten:

42 "(b) The following information shall be adequately disclosed by the insurance ~~agent~~
43 producer or limited representative at the time an application is made, prior to accepting the
44 applicant's initial premium, for a prearrangement insurance policy:

45 (1) The fact that a prearrangement insurance policy is involved or being used to
46 fund a prearrangement;

47 (2) The nature of the relationship among the insurance ~~agent-producer~~ or limited
48 representative, the provider of the funeral or cemetery merchandise or
49 services, the administrator, and any other person;

50"

51 **SECTION 14.(aaaa)** G.S. 58-63-5 reads as rewritten:

1 "§ 58-63-5. Definitions.

2 When used in this Article:

3 (1) Repealed by Session Laws 1991, c. 720, s. 6.

4 (2) "Person" means any individual, corporation, association, partnership,
5 reciprocal exchange, interinsurer, Lloyds insurer, fraternal benefit society, and
6 any other legal entity engaged in the business of insurance under this Chapter;
7 and includes insurance producers, agents, brokers, limited representatives, and
8 adjusters."

9 SECTION 14.(bbbb) G.S. 58-63-15(8)c. reads as rewritten:

10 "c. No insurer or employee thereof, and no ~~broker or agent~~ insurance
11 producer shall pay, allow, or give, or offer to pay, allow, or give,
12 directly or indirectly, as an inducement to insurance, or after insurance
13 has been effected, any rebate, discount, abatement, credit or reduction
14 of the premium named in a policy of insurance, or any special favor or
15 advantage in the dividends or other benefits to accrue thereon, or any
16 valuable consideration or inducement whatever, not specified in the
17 policy of insurance. Nothing herein contained shall be construed as
18 prohibiting the payment of commissions or other compensation to
19 regularly appointed and licensed ~~agents and to brokers~~ insurance
20 producers duly licensed by this State; nor as prohibiting any
21 participating insurer from distributing to its policyholders dividends,
22 savings or the unused or unabsorbed portion of premiums and
23 premium deposits."

24 SECTION 14.(cccc) G.S. 58-65-2, as amended by Section 1 of S.L. 2021-169, reads
25 as rewritten:

26 "§ 58-65-2. Other laws applicable to all service corporations.

27 The following provisions of this Chapter are applicable to hospital service corporations that
28 are subject to this Article:

- 29 G.S. 58-2-125..... Authority over all insurance companies; no exemptions from
30 license.
- 31 G.S. 58-2-150..... Oath required for compliance with law.
- 32 G.S. 58-2-155..... Investigation of charges.
- 33 G.S. 58-2-160..... Reporting and investigation of insurance and reinsurance fraud and
34 the financial condition of licensees; immunity from liability.
- 35 G.S. 58-2-162..... Embezzlement by insurance ~~agents, brokers,~~ producers or
36 administrators.
- 37 G.S. 58-2-185..... Record of business kept by companies and ~~agents;~~ insurance
38 producers; Commissioner may inspect.
- 39 G.S. 58-2-190..... Commissioner may require special reports.
- 40 G.S. 58-2-195..... Commissioner may require records, reports, etc., for agencies,
41 ~~agents,~~ insurance producers and others.
- 42 G.S. 58-2-200..... Books and papers required to be exhibited.
- 43 G.S. 58-3-50..... Companies must do business in own name; emblems, insignias,
44 etc.
- 45 G.S. 58-3-100(c),(e). Insurance company licensing provisions.
- 46 G.S. 58-3-115..... Twisting with respect to insurance policies; penalties.
- 47 G.S. 58-7-46..... Notification to Commissioner for president or chief executive
48 officer changes.
- 49 Part 7 of Article 10..... Annual Financial Reporting.
- 50 G.S. 58-50-35..... Notice of nonpayment of premium required before forfeiture.

- 1 G.S. 58-50-290..... Health benefit plans or insurers contracting for the provision of
- 2 dental services; no limitation on fees for noncovered services.
- 3 G.S. 58-50-300..... Health benefit plans or insurers contracting for the provision of
- 4 vision services or materials; no limitation on fees for noncovered
- 5 services or materials.
- 6 G.S. 58-51-15(a)(2)b..... Accident and health policy provisions.
- 7 G.S. 58-51-17..... Portability for accident and health insurance.
- 8 G.S. 58-51-25..... Policy coverage to continue as to children with an intellectual or
- 9 physical disability or dependent students on medically necessary
- 10 leave of absence.
- 11 G.S. 58-51-95(h),(i),(j)... Approval by Commissioner of forms, classification and rates;
- 12 hearings; exceptions."

13 **SECTION 14.(dddd)** G.S. 58-65-115 reads as rewritten:

14 **"§ 58-65-115. Licensing and regulation of agents.**

15 Every agent of any service corporation authorized to do business in this State under this
16 Article is subject to the licensing provisions of Article 33 of this Chapter and all other provisions
17 in this Chapter applicable to life and accident and health or sickness insurance agents-producers."

18 **SECTION 14.(eeee)** G.S. 58-65-120, as amended by Section 1 of S.L. 2021-169,
19 reads as rewritten:

20 **"§ 58-65-120. Dental, health care, medical, and vision service associations and agent to**
21 **transact business through licensed agents-producers only.**

22 No dental, health care, medical, or vision service association, nor any agent of the association,
23 shall on behalf of the association or agent knowingly permit any person not licensed as an ~~agent~~
24 insurance producer as required by law, to solicit, negotiate for, collect or transmit a premium for
25 a new contract of dental, health care, medical, or vision service certificate or to act in any way in
26 the negotiation for any contract or policy. No license shall be required of any of the following:

- 27 (1) Persons designated by the association or subscriber to collect or deduct or
- 28 transmit premiums or other charges for dental, health care, medical, or vision
- 29 contracts, or to perform any acts as may be required for providing coverage
- 30 for additional persons who are eligible under a master contract.
- 31 (2) An agency office employee acting in the confines of the ~~agent's-insurance~~
32 producer's office, under the direction and supervision of the duly licensed
33 ~~agent-insurance producer~~ and within the scope of that ~~agent's-insurance~~
34 producer's license, in the acceptance of request for insurance and payment of
35 premiums, and the performance of clerical, stenographic, and similar office
36 duties."

37 **SECTION 14.(ffff)** G.S. 58-67-90 reads as rewritten:

38 **"§ 58-67-90. Licensing and regulation of agents.**

39 Every agent of any HMO authorized to do business in this State under this Article is subject
40 to the licensing provisions of Article 33 of this Chapter and all other provisions in this Chapter
41 applicable to life and accident and health or sickness insurance agents-producers."

42 **SECTION 14.(gggg)** G.S. 58-67-171 reads as rewritten:

43 **"§ 58-67-171. Other laws applicable to HMOs.**

44 The following provisions of this Chapter are applicable to HMOs that are subject to this
45 Article are as follows:

- 46 G.S. 58-2-125..... Authority over all insurance companies; no exemptions from
- 47 license.
- 48 G.S. 58-2-150..... Oath required for compliance with law.
- 49 G.S. 58-2-155..... Investigation of charges.
- 50 G.S. 58-2-160..... Reporting and investigation of insurance and reinsurance fraud and
- 51 the financial condition of licensees; immunity from liability.

- 1 G.S. 58-2-162..... Embezzlement by insurance ~~agents, brokers, producers~~ or
- 2 administrators.
- 3 G.S. 58-2-185..... Record of business kept by companies and ~~agents;~~ insurance
- 4 producers; Commissioner may inspect.
- 5 G.S. 58-2-190..... Commissioner may require special reports.
- 6 G.S. 58-2-195..... Commissioner may require records, reports, etc., for agencies,
- 7 ~~agents;~~ insurance producers, and others.
- 8 G.S. 58-2-200..... Books and papers required to be exhibited.
- 9 G.S. 58-3-50..... Companies must do business in own name; emblems, insignias,
- 10 etc.
- 11 G.S. 58-3-100(c),(e). Insurance company licensing provisions.
- 12 G.S. 58-3-115..... Twisting with respect to insurance policies; penalties.
- 13 G.S. 58-7-46..... Notification to Commissioner for president or chief executive
- 14 officer changes.
- 15 G.S. 58-7-73..... Dissolution of insurers.
- 16 Part 7 of Article 10..... Annual Financial Reporting.
- 17 G.S. 58-50-35..... Notice of nonpayment of premium required before forfeiture.
- 18 G.S. 58-51-15(a)(2)b..... Accident and health policy provisions.
- 19 G.S. 58-51-17..... Portability for accident and health insurance.
- 20 G.S. 58-51-25..... Policy coverage to continue as to children with an intellectual or
- 21 physical disability or dependent students on medically necessary
- 22 leave of absence.
- 23 G.S. 58-51-35..... Insurers and others to afford coverage to children with an
- 24 intellectual or physical disability.
- 25 G.S. 58-51-45..... Policies to be issued to any person possessing the sickle-cell trait
- 26 or hemoglobin C trait.
- 27 G.S. 58-62..... Life and Health Insurance Guaranty Association."

SECTION 14.(hhh) G.S. 58-69-45 reads as rewritten:

"§ 58-69-45. Insurance licensing provisions not affected.

Nothing in this Article shall be construed as amending, repealing, or in any way affecting any laws now in force relating to the licensing of Motor Club Membership Sales Agents or to the licensing or regulation of insurance ~~agents-producers~~ and insurance companies, as provided in Articles 1 through 64 of this Chapter."

SECTION 14.(iii) G.S. 58-89A-110(c) reads as rewritten:

"(c) If the licensee provides workers' compensation coverage pursuant to the single policy method, the insurer shall issue to the licensee a single policy covering all assigned employees in this State in accordance with Chapter 97 of the General Statutes, the Workers' Compensation Act, and any other applicable laws or rating plans of this State.

As a condition of issuing a single policy, the licensee shall provide to the insurer of the policy all of the following information regarding each client company of the licensee with assigned employees in this State:

- (1) The correct legal name, any fictitious names, and the federal identification number.
- (2) The name and address of the president and chief executive officer.
- (3) The business mailing address.
- (4) The business telephone number and facsimile number.

The licensee shall also provide to the insurer the name and address of the insurance ~~agent or broker-producer~~ responsible for securing the policy of insurance on behalf of the licensee.

The insurer shall issue to each client company of the licensee a certificate of insurance on the single policy. The certificate of insurance shall require that the insurer provide notice of cancellation to the licensee and the client company of the licensee.

1 Whenever a policy written in accordance with this subsection is cancelled, the insurance
 2 company writing the policy shall provide individual notices of cancellation as required by this
 3 Chapter to the licensee and the client company of the licensee.

4 If the insurer fails to provide individual notices of cancellation to the licensee and the client
 5 company, the insurer shall remain liable on the risk for losses incurred by the client company
 6 that would have been covered by the workers' compensation policy prior to the attempted
 7 cancellation."

8 **SECTION 14.(jjj)** G.S. 58-89A-115(b) reads as rewritten:

9 "(b) With respect to any insurance or benefit plan provided by a licensee for the benefit of
 10 its assigned employees, a licensee shall provide to the insurer the name and address of the
 11 insurance ~~agent or broker~~ producer responsible for securing the policy of insurance on behalf of
 12 the licensee."

13 **SECTION 14.(kkk)** G.S. 58-93-120 reads as rewritten:

14 "**§ 58-93-120. Other laws applicable to PHPs.**

15 The following provisions of this Chapter are applicable to PHPs in the manner in which they
 16 are applicable to insurers:

17 ...

18 (8) G.S. 58-2-162, Embezzlement by insurance ~~agents, brokers, producers~~ or
 19 administrators.

20 ...

21 (10) G.S. 58-2-185, Record of business kept by companies and ~~agents; insurance~~
 22 producers; Commissioner may inspect.

23 ...

24 (12) G.S. 58-2-195, Commissioner may require records, reports, etc., for agencies,
 25 ~~agents, insurance producers,~~ and others.

26"

27
 28 **PART XV. ALLOW SELF-INSURANCE TO SERVE AS PROOF OF FINANCIAL**
 29 **RESPONSIBILITY**

30 **SECTION 15.(a)** G.S. 20-7 reads as rewritten:

31 "**§ 20-7. Issuance and renewal of drivers licenses.**

32 ...

33 (c1) Insurance. – The Division may not issue a drivers license to a person until the person
 34 has furnished proof of financial responsibility. Proof of financial responsibility shall be in one of
 35 the following forms:

36 ...

37 Nothing in this subsection precludes any person from showing proof of financial
 38 responsibility in any other manner authorized by Articles 9A and 13 of this Chapter. The Division
 39 shall not impose a restriction prohibiting a person from operating a nonfleet motor vehicle, as
 40 that term is defined in G.S. 58-40-10, solely because the person furnished proof of liability under
 41 G.S. 20-279.33 or G.S. 20-279.33A.

42"

43 **SECTION 15.(b)** G.S. 20-279.33 reads as rewritten:

44 "**§ 20-279.33. Self-insurers.**

45 ...

46 (b) The Commissioner may, in his discretion, upon the application of such a person, issue
 47 a certificate of self-insurance when he is satisfied that such person is possessed and will continue
 48 to be possessed of ability to pay judgments obtained against such person. The certificate shall
 49 serve as evidence of insurance for the purposes of G.S. 20-7(c1), 20-13.2(e), 20-16.1, 20-19(k),
 50 and 20-179.3(l).

51"

1 **SECTION 15.(c)** G.S. 20-279.33A reads as rewritten:

2 "**§ 20-279.33A. Religious organizations; self-insurance.**

3 (a) Notwithstanding any other provision of this Article or Article 13 of this Chapter, any
4 recognized religious organization having established tenets or teachings and that has been in
5 existence at all times since December 31, 1950, may qualify as a self-insurer by obtaining a
6 certificate of self-insurance from the Commissioner as provided in subsection (c) of this section
7 if the Commissioner determines that all of the following conditions are met:

8 (1) Members of the religious organization operate ~~five or more~~ vehicles that are
9 registered in this State and are either owned or leased by them.

10 "

11 **SECTION 15.(d)** This section is effective when it becomes law and applies to all
12 drivers license applications submitted on or after that date.

13 **PART XVI. PROHIBIT THE DISCLOSURE OF REPLACEMENT COST** 14 **ESTIMATORS**

15 **SECTION 16.(a)** Article 3 of Chapter 58 of the General Statutes is amended by
16 adding a new section to read:

17 "**§ 58-3-137. Prohibition on provisions relating to replacement cost estimators.**

18 (a) No person may require an insurance company or their designated agent to provide the
19 replacement cost estimator or other underwriting or related proprietary business information of
20 an insurer underwriting an insurance policy covering real property, as a condition precedent or
21 condition subsequent to the lending of money or extension of credit to be secured by real
22 property. For purposes of this section, "proprietary business information of an insurer" means
23 information, regardless of form or characteristics, which is owned or controlled by an insurer, or
24 a person or an affiliated person who seeks acquisition of controlling stock in a domestic stock
25 insurer or controlling company, and which (i) is intended to be and is treated by the insurer or
26 the person as private in that the disclosure of the information would cause harm to the insurer,
27 the person, or the company's business operations and that the information has not been disclosed
28 unless disclosed pursuant to a statutory requirement, an order of a court or administrative body,
29 or a private agreement that provides that the information will not be released to the public and
30 (ii) is not otherwise readily ascertainable or publicly available by proper means by other persons
31 from another source in the same configuration as requested by the office. This subsection does
32 not apply to sales of insurance regulated under Articles 35, 57, and 58 of this Chapter or under
33 12 U.S.C. §§ 4901-4910.

34 (b) The Department of Insurance may investigate the affairs of any person to whom this
35 section applies to determine whether such person has violated this section. If a violation of this
36 section is found to have been committed knowingly, the person in violation shall be subject to
37 the same procedures and penalties as provided in Articles 3 and 63 of this Chapter."

38 **SECTION 16.(b)** This section becomes effective August 1, 2022.

39 **PART XVII. REQUIRE CERTAIN APPOINTMENTS TO THE REINSURANCE** 40 **FACILITY'S BOARD OF GOVERNORS**

41 **SECTION 17.(a)** G.S. 58-37-35 reads as rewritten:

42 "**§ 58-37-35. The Facility; functions; administration.**

43 ...

44 (d) The Facility shall be administered by a Board of Governors. The Board of Governors
45 shall consist of 12 members having one vote each from the classifications specified in this
46 subsection and the Commissioner, who shall serve ex officio without vote. Each Facility
47 insurance company member serving on the Board shall be represented by a senior officer of the
48 company. Not more than one company in a group under the same ownership or management
49 shall be represented on the Board at the same time. Five members of the Board shall be selected
50
51

1 by the member insurers, which members shall be fairly representative of the industry. To insure
 2 representative member insurers, one each shall be selected from the following: the American
 3 Insurance Association (or its successors), the Property Casualty Insurers Association of America
 4 (or its successors), stock insurers not affiliated with those trade associations, nonstock insurers
 5 not affiliated with those trade associations, and the industry at large regardless of trade affiliation.
 6 The at-large insurer shall be selected by the insurer company members of the Board. The
 7 Commissioner shall appoint two members of the Board who are Facility insurance company
 8 members domiciled in this State. The Commissioner shall appoint one member of the Board who
 9 shall be selected from two nominees submitted by the Alliance of Insurance Agents of North
 10 Carolina. The Commissioner shall appoint ~~five~~four members of the Board who shall be fire and
 11 casualty insurance agents licensed in this State and actively engaged in writing motor vehicle
 12 insurance in this State. The term of office of the Board members shall be three years. All members
 13 of the Board of Governors shall serve until their successors are selected and qualified and the
 14 Commissioner may fill any vacancy on the Board from any of the classifications specified in this
 15 subsection until the vacancies are filled in accordance with this Article. The Board of Governors
 16 of the Facility shall also have as nonvoting members two persons who are not employed by or
 17 affiliated with any insurance company or the Department and who are appointed by the Governor
 18 to serve at the Governor's pleasure.

19"

20 **SECTION 17.(b)** This section is effective when it becomes law and applies to all
 21 appointments made on or after that date.

22 23 **PART XVIII. AMEND REPORTING DATE FOR MEMBERS OF THE NORTH** 24 **CAROLINA INSURANCE UNDERWRITING ASSOCIATION**

25 **SECTION 18.** G.S. 58-45-71 reads as rewritten:

26 "**§ 58-45-71. Report of member companies to Commissioner.**

27 Each member company of the Association shall report by ~~February 1~~April 1 of each year to
 28 the Commissioner the amount of homeowners' coverage, including separate coverage for
 29 homeowners' wind and hail, written in the preceding calendar year by that member company in
 30 the beach area and the coastal area. The report shall include the number and type of homeowners'
 31 policies written by the member company in each area, the total amount of homeowners' coverage
 32 for each area, any increases and decreases in homeowners' coverage written in each area from
 33 the prior year, and other information as prescribed by the Commissioner and in such form as
 34 approved by him."

35 36 **PART XIX. EXEMPT CERTAIN DOI EMPLOYMENT CONTRACTS**

37 **SECTION 19.** G.S. 58-2-25 reads as rewritten:

38 "**§ 58-2-25. Other deputies, actuaries, examiners and employees.**

39 (a) The Commissioner shall appoint or employ such other deputies, actuaries,
 40 economists, financial analysts, financial examiners, licensed attorneys, rate and policy analysts,
 41 accountants, fire and rescue training instructors, market conduct analysts, insurance complaint
 42 analysts, investigators, engineers, building inspectors, risk managers, clerks and other employees
 43 that the Commissioner considers to be necessary for the proper execution of the work of the
 44 Department, at the compensation that is fixed and provided by the Department of Administration.

45 (a1) If the Commissioner considers it to be necessary for the proper execution of the work
 46 of the Department to contract with ~~persons, except to fill authorized employee positions, all of~~
 47 ~~those contracts, except those provided for in Articles 36 and 37 and Part 2 of Article 44 of this~~
 48 ~~Chapter, shall be made pursuant to the provisions of Article 3C of Chapter 143 of the General~~
 49 ~~Statutes.~~persons for financial, legal, examination, and other services, such contracts shall not be
 50 subject to any of the following:

51 (1) G.S. 114-2.3.

1 (2) G.S. 147-17.

2 (3) Articles 3, 3C, and 8 of Chapter 143 of the General Statutes and any rules and
3 procedures adopted under those Articles concerning procurement,
4 contracting, and contract review.

5 (a2) Whenever the Commissioner or any deputy or employee of the Department is
6 requested or subpoenaed to testify as an expert witness in any civil or administrative action, the
7 party making the request or filing the subpoena and on whose behalf the testimony is given shall,
8 upon receiving a statement of the cost from the Commissioner, reimburse the Department for the
9 actual time and expenses incurred by the Department in connection with the testimony.

10 (b) The minimum education requirements for financial analysts and examiners referred
11 to in subsection (a) of this section are a bachelors degree, with the appropriate courses in
12 accounting as defined in 21 NCAC 8A.0309, and other courses that are required to qualify the
13 applicant as a candidate for the uniform certified public accountant examination, based on the
14 examination requirements in effect at the time of graduation by the analyst or examiner from an
15 accredited college or university."

17 **PART XX. CLARIFY DEFINITION UNDER THE NORTH CAROLINA LIFE AND** 18 **HEALTH INSURANCE GUARANTY ASSOCIATION ACT**

19 **SECTION 20.** G.S. 58-62-16(11) reads as rewritten:

20 "(11) "Member insurer" means any insurer, health maintenance organization that is
21 governed by Article 67 of this Chapter, and any ~~hospital or medical service~~
22 full-service corporation that is governed by Article 65 of this Chapter and that
23 is licensed or that holds a license to transact in this State any kind of insurance
24 or health maintenance organization business for which coverage is provided
25 under G.S. 58-62-21; and includes any insurer or health maintenance
26 organization whose license in this State may have been suspended, revoked,
27 not renewed or voluntarily withdrawn, but does not include a fraternal order
28 or fraternal benefit society; mandatory State pooling plan; mutual assessment
29 company or any entity that operates on an assessment basis; insurance
30 exchange; or any entity similar to any of the foregoing."

32 **PART XXI. AMEND INNOVATION WAIVER EXEMPTIONS**

33 **SECTION 21.** G.S. 169-8, as enacted by Section 1 of S.L. 2021-166, reads as
34 rewritten:

35 **"§ 169-8. Consumer protections.**

36 (a) Nothing in this Chapter shall be construed as allowing the Council or an applicable
37 State agency to grant an innovation waiver that alters or amends any of the following:

38 (1) Article 12 of Chapter 20 of the General Statutes, Motor Vehicle Dealers and
39 Manufacturers Licensing Law.

40 (2) Chapter 24 of the General Statutes, Interest.

41 (3) Chapter 25A of the General Statutes, Retail Installment Sales Act.

42 (4) Chapter 25B of the General Statutes, Credit.

43 (5) Article 15 of Chapter 53 of the General Statutes, Consumer Finance Act.

44 (5a) Article 36 of Chapter 58 of the General Statutes, North Carolina Rate Bureau.

45 (5b) Article 37 of Chapter 58 of the General Statutes, North Carolina Motor
46 Vehicle Reinsurance Facility.

47 (5c) All financial and solvency requirements that apply to nonadmitted domestic
48 surplus lines insurers pursuant to G.S. 58-21-21(g).

49 (6) Article 70 of Chapter 58 of the General Statutes, Collection Agencies.

50 (7) Article 20 of Chapter 66 of the General Statutes, Loan Brokers.

- 1 (8) Chapter 75 of the General Statutes, Monopolies, Trusts, and Consumer
 2 Protection.
 3 (9) Any other criminal or consumer protection laws.
 4"

5
 6 **PART XXII. REVISE INSURANCE REQUIREMENTS FOR TRANSPORTATION**
 7 **NETWORK COMPANIES**

8 **SECTION 22.(a)** G.S. 20-280.4 reads as rewritten:

9 **"§ 20-280.4. Financial responsibility.**

10 (a) Except as provided in subsection (n) of this section, TNC drivers or transportation
 11 network companies must maintain primary automobile insurance that meets all of the following
 12 requirements:

- 13 ...
 14 (2) The following automobile insurance requirements apply while a TNC driver
 15 is logged on to the transportation network company's online enabled
 16 application or platform but is not providing TNC service:

- 17 ...
 18 b. Combined uninsured and underinsured motorist ~~coverage, with limits~~
 19 ~~for combined uninsured and underinsured motorist bodily injury~~
 20 ~~coverage which at least equals the bodily injury liability limits of the~~
 21 ~~policy, and which otherwise coverage that~~ complies with the
 22 requirements of G.S. 20-279.21(b)(3) and (b)(4).

- 23 (3) The following automobile insurance requirements apply while a TNC driver
 24 is engaged in TNC service:

- 25 a. Primary automobile liability insurance in the amount of at least ~~one~~
 26 ~~million five hundred thousand dollars (\$1,500,000)~~ one million dollars
 27 (\$1,000,000) because of death of one or more persons, bodily injury
 28 to one or more persons, injury to or destruction of property of others,
 29 or any combination thereof, in any one accident.
 30 b. Combined uninsured and underinsured motorist ~~coverage, with limits~~
 31 ~~for combined uninsured and underinsured motorist bodily injury~~
 32 ~~coverage of at least one million dollars (\$1,000,000), and which~~
 33 ~~otherwise coverage that~~ complies with the requirements of
 34 G.S. 20-279.21(b)(3) and (b)(4).

35"

36 **SECTION 22.(b)** This section becomes effective October 1, 2022.

37
 38 **PART XXIII. GLOBAL TRANSPARK BROADBAND GRANT**

39 **SECTION 23.(a)** Notwithstanding any provision of law to the contrary, the North
 40 Carolina Global TransPark Authority (Authority) is authorized to receive and administer grant
 41 funding from the National Telecommunications and Information Administration for the
 42 expansion of broadband infrastructure and access in Lenoir County. The Department of
 43 Information Technology may provide assistance in administering the grant funds described in
 44 this section at the request of the Authority.

45 **SECTION 23.(b)** This section expires June 30, 2027.

46
 47 **PART XXIV. AMEND HOME INSPECTION REPORT DEADLINE**

48 **SECTION 24.(a)** If Senate Bill 372, 2021 Regular Session, becomes law, then
 49 G.S. 143-151.58(a), as amended by Section 11(b) of that act, reads as rewritten:

50 "(a) Home Inspection Report. – A licensed home inspector must give to each person for
 51 whom the inspector performs a home inspection for compensation a written report of the home

1 inspection. The inspector must give the person the report by the date set in a written agreement
2 by the parties to the home inspection. If the parties to the home inspection did not agree on a date
3 in a written agreement, the inspector must give the person the report ~~within~~within

4 (1) ~~Three~~three business days after the inspection was performed.

5 (2) ~~Ten business days after the inspection was performed, if the report describes~~
6 ~~a deficiency as a violation of the State Residential Building Code in~~
7 ~~accordance with subsection (a2) of this section."~~

8 **SECTION 24.(b)** This section becomes effective October 1, 2022.

9 10 **PART XXV. AMEND HOME INSPECTOR LICENSE RETEST PERIOD**

11 **SECTION 25.** G.S. 143-151.57(b) reads as rewritten:

12 "(b) Subsequent Application. – An individual who applied for a license as a home
13 inspector and who failed the home inspector examination is not required to pay an additional
14 application fee if the individual submits another application for a license as a home inspector.
15 The individual must pay the examination fee, however, to be eligible to take the examination
16 again. An individual may take the examination only once every ~~180~~90 days."

17 18 **PART XXVI. AMEND MINIMUM INSULATION REQUIREMENTS**

19 **SECTION 26.(a)** Section 20.10(b) of S.L. 2022-6 reads as rewritten:

20 "**SECTION 20.10.(b)** Code Amendment. – Until the effective date of the temporary rule
21 that the Council is required to adopt pursuant to this section, the Council, Code enforcement
22 official, or fire code official enforcing the Code shall follow the provisions of this subsection
23 instead of the Residential Spaces Insulation Rule with respect to minimal insulation requirements
24 for supply and return air ducts located in ventilated or non-ventilated unconditioned spaces.
25 Supply and return air ducts located in ventilated or non-ventilated unconditioned ~~spaces~~spaces,
26 other than attics, shall be insulated to a minimum R-4.2. Supply and return air ducts located in
27 ventilated or non-ventilated unconditioned attic spaces shall be insulated to a minimum R-6.0."

28 **SECTION 26.(b)** Section 20.10A(b) of S.L. 2022-6 reads as rewritten:

29 "**SECTION 20.10A.(b)** Code Amendment. – Until the effective date of the temporary rule
30 that the Council is required to adopt pursuant to this section, the Council, Code enforcement
31 official, or fire code official enforcing the Code shall follow the provisions of this subsection as
32 it relates to the Commercial Spaces Insulation Rule with respect to the minimal insulation
33 requirements for supply and return air ducts located in ventilated or non-ventilated unconditioned
34 spaces in Climate Zones 3 through 5. Supply and return air ducts located in ventilated or
35 non-ventilated unconditioned ~~spaces~~spaces, other than attic spaces, shall be insulated with a
36 minimum of ~~R-4~~R-4.0 insulation in Climate Zones 3 and 4 and a minimum of ~~R-6~~R-6.0
37 insulation in Climate Zone 5. Supply and return air ducts located in ventilated or non-ventilated
38 unconditioned attic spaces shall be insulated to a minimum R-6.0."

39 **SECTION 26.(c)** This section is effective when it becomes law and applies
40 retroactively to March 17, 2022.

41 42 **PART XXVII. MAKE TECHNICAL STATUTORY CORRECTION**

43 **SECTION 27.** If Senate Bill 372, 2021 Regular Session, becomes law, then
44 G.S. 160D-706(a), as amended by Section 17(a) of that act, reads as rewritten:

45 "(a) Unless otherwise prohibited by ~~G.S. 160A-704(b),~~ G.S. 160A-174(b), when
46 regulations made under authority of this Article require a greater width or size of yards or courts,
47 or require a lower height of a building or fewer number of stories, or require a greater percentage
48 of a lot to be left unoccupied, or impose other higher standards than are required in any other
49 statute or local ordinance or regulation, the regulations made under authority of this Article
50 govern. Unless otherwise prohibited by ~~G.S. 160A-704(b),~~ G.S. 160A-174(b), when the
51 provisions of any other statute or local ordinance or regulation require a greater width or size of

1 yards or courts, or require a lower height of a building or a fewer number of stories, or require a
2 greater percentage of a lot to be left unoccupied, or impose other higher standards than are
3 required by the regulations made under authority of this Article, the provisions of that statute or
4 local ordinance or regulation govern."

5

6 **PART XXVIII. EFFECTIVE DATE**

7 **SECTION 28.** Except as otherwise provided, this act is effective when it becomes
8 law.