

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL DRS15190-NE-90B

Short Title: NC Department of Insurance Omnibus .-AB (Public)

Sponsors: Senators Johnson, Craven, and Britt (Primary Sponsors).

Referred to:

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

5
6 **PART I. SURPLUS LINES ACT CLARIFYING CHANGES**

7 **SECTION 1.(a)** G.S. 58-21-10 reads as rewritten:

8 **"§ 58-21-10. Definitions.**

9 As used in this Article:

- 10 (1) ~~"Admitted insurer" means an Admitted insurer.~~ – An insurer licensed to
11 engage in the business of insurance in this State.
- 12 (1a) ~~"Affiliate" means, with Affiliate.~~ – With respect to an insured, includes any
13 entity that controls, is controlled by, or is under common control with the
14 insured.
- 15 (1b) ~~"Affiliated group" means any Affiliated group.~~ – Any group of entities that
16 are all affiliated.
- 17 (2) ~~"Capital", as Capital.~~ – As used in the financial requirements of
18 G.S. 58-21-20, means includes funds paid in for stock or other evidence of
19 ownership.
- 20 (2a) ~~"Control" means an Control.~~ – An entity ~~that has 'control'~~ control over another
21 entity if either of the following occurs:
22 a. The entity directly or indirectly or acting through one or more other
23 persons owns, controls, or has the power to vote twenty-five percent
24 (25%) or more of any class of voting securities of the other entity.
25 b. The entity controls in any manner the election of a majority of the
26 directors or trustees of the other entity.
- 27 (3) ~~"Eligible surplus lines insurer" means an Eligible surplus lines insurer.~~ – An
28 alien insurer as defined in G.S. 58-21-17, a nonadmitted domestic surplus
29 lines insurer, or a nonadmitted insurer with which a surplus lines licensee may
30 place surplus lines insurance under G.S. 58-21-20.
- 31 (4) ~~"Export" means to Export.~~ – To place surplus lines insurance with a
32 nonadmitted domestic surplus lines insurer or a nonadmitted insurer.
- 33 (4a) ~~"Nonadmitted domestic surplus lines insurer" means an Nonadmitted~~
34 domestic surplus lines insurer. – An insurer that is domiciled in and authorized
35 pursuant to G.S. 58-21-21 to transact surplus lines insurance in this State.



* D R S 1 5 1 9 0 - N E - 9 0 B *

- 1 (5) ~~"Nonadmitted insurer" means an~~ Nonadmitted insurer. – An insurer not
 2 licensed to do an insurance business in this State. "Nonadmitted insurer"
 3 includes insurance exchanges authorized under the laws of various states.
 4 "Nonadmitted insurer" does not include a risk retention group, as defined in
 5 G.S. 58-22-10(10).
- 6 (6) ~~"Producing broker" means an~~ Producing broker. – An insurance producer
 7 licensed under Article 33 of this Chapter who deals directly with the party
 8 seeking insurance and who may also be a surplus lines licensee.
- 9 (6a) ~~"Salary protection insurance" means insurance~~ Salary protection insurance. –
 10 Insurance against financial loss caused by the cessation of earned income
 11 because of disability from sickness, ailment, or bodily injury.
- 12 (7) ~~"Surplus", as~~ Surplus. – As used in the financial requirements of
 13 G.S. 58-21-20, ~~means~~ includes funds over and above liabilities and capital of
 14 the company for the protection of policyholders.
- 15 (8) ~~"Surplus lines insurance" means any~~ Surplus lines insurance. – Any insurance
 16 in this State of risks resident, located, or to be performed in this State,
 17 permitted to be placed through a surplus lines licensee with a nonadmitted
 18 domestic surplus lines insurer or a nonadmitted insurer eligible to accept ~~such~~
 19 that insurance, including salary protection insurance. The term does not
 20 include ~~reinsurance, commercial aircraft insurance, wet marine and~~
 21 ~~transportation insurance, insurance independently procured pursuant to~~
 22 ~~G.S. 58-28-5, life and accident or health insurance, and annuities.~~ any of the
 23 following:
 24 a. Reinsurance.
 25 b. Commercial aircraft insurance.
 26 c. Insurance of property and operations of railroads engaged in interstate
 27 or foreign commerce.
 28 d. Wet marine and transportation insurance.
 29 e. Insurance independently procured pursuant to G.S. 58-28-5.
 30 f. Life and accident or health insurance, and annuities.
 31 g. Personal and commercial automobile liability insurance required to be
 32 written by licensed insurers pursuant to G.S. 58-37-5, excluding
 33 excess automobile liability insurance.
- 34 (9) ~~"Surplus lines licensee" means a~~ Surplus lines licensee. – A person licensed
 35 under G.S. 58-21-65 to place insurance on risks resident, located, or to be
 36 performed in this State with a nonadmitted domestic surplus lines insurer or
 37 with nonadmitted insurers eligible to accept ~~such~~ that insurance.
- 38 (10) ~~"Wet marine and transportation insurance" means any~~ Wet marine and
 39 transportation insurance. – Includes any of the following:
 40 ...
 41 e. Ocean marine insurance, as defined in G.S. 58-48-20."

SECTION 1.(b) G.S. 58-21-40 reads as rewritten:

"§ 58-21-40. Surplus lines regulatory support organization.

(a) The North Carolina Surplus Lines Association (NCSLA) shall serve as the regulatory support organization of surplus lines licensees and shall carry out the following functions:

- 46 ...
- 47 (5) Provide other services to its members that are incidental or related to the
 48 purposes of the association.
- 49"

SECTION 1.(c) G.S. 58-21-85 reads as rewritten:

"§ 58-21-85. Surplus lines tax.

1 ...
2 (b) ~~At the same time that he files his quarterly report as set forth in G.S. 58-21-80, each~~
3 ~~surplus lines licensee shall pay the premium receipts tax due for the period covered by the~~
4 ~~report.~~ Payment of the premium receipts tax shall be due:

- 5 (1) For risk purchasing groups, at the same time the licensee files a quarterly
6 report with the Commissioner.
- 7 (2) For surplus lines insurers receiving invoices issued by the North Carolina
8 Surplus Lines Stamping Office SLIP system, 30 days after the end of each
9 quarter.

10"

11
12 **PART II. ADJUSTMENT TO AGE REQUIREMENT FOR MANDATORY**
13 **COLORECTAL CANCER SCREENING COVERAGE**

14 **SECTION 2.(a)** G.S. 58-3-179 reads as rewritten:

15 **"§ 58-3-179. Coverage for colorectal cancer screening.**

16 (a) Every health benefit plan, as defined in G.S. 58-3-167, shall provide coverage for
17 colorectal cancer examinations and laboratory tests for cancer, in accordance with the most
18 recently published American Cancer Society guidelines or guidelines adopted by the North
19 Carolina Advisory Committee on Cancer Coordination and Control for colorectal cancer
20 screening, for any nonsymptomatic covered individual who is:

- 21 (1) At least ~~50~~45 years of age, or
- 22 (2) Less than ~~50~~45 years of age and at high risk for colorectal cancer according
23 to the most recently published colorectal cancer screening guidelines of the
24 American Cancer Society or guidelines adopted by the North Carolina
25 Advisory Committee on Cancer Coordination and Control.

26 The same deductibles, coinsurance, and other limitations as apply to similar services covered
27 under the plan apply to coverage for colorectal examinations and laboratory tests required to be
28 covered under this section.

29"

30 **SECTION 2.(b)** This section becomes effective October 1, 2023, and applies to
31 insurance contracts issued, renewed, or amended on or after that date.

32
33 **PART III. TECHNICAL CORRECTION TO REFLECT COMPENDIUM NAME**
34 **CHANGE**

35 **SECTION 3.(a)** G.S. 58-51-59 reads as rewritten:

36 **"§ 58-51-59. Coverage of certain prescribed drugs for cancer treatment.**

37 (a) No policy or contract of accident or health insurance, and no preferred provider
38 benefit plan under G.S. 58-50-56, that is issued, renewed, or amended on or after January 1, 1994,
39 and that provides coverage for prescribed drugs approved by the federal Food and Drug
40 Administration for the treatment of certain types of cancer shall exclude coverage of any drug on
41 the basis that the drug has been prescribed for the treatment of a type of cancer for which the
42 drug has not been approved by the federal Food and Drug Administration. The drug, however,
43 must be approved by the federal Food and Drug Administration and must have been proven
44 effective and accepted for the treatment of the specific type of cancer for which the drug has been
45 prescribed in any one of the following established reference compendia:

- 46 ...
- 47 (2) ~~The ThomsonMicromedex DrugDex;~~ Micromedex DrugDex System;

48"

49 **SECTION 3.(b)** G.S. 58-65-94 reads as rewritten:

50 **"§ 58-65-94. Coverage of certain prescribed drugs for cancer treatment.**

(a) No insurance certificate or subscriber contract under any hospital service plan or medical service plan governed by this Article and Article 66 of this Chapter, and no preferred provider benefit plan under G.S. 58-50-56, that is issued, renewed, or amended on or after January 1, 1994, and that provides coverage for prescribed drugs approved by the federal Food and Drug Administration for the treatment of certain types of cancer shall exclude coverage of any drug on the basis that the drug has been prescribed for the treatment of a type of cancer for which the drug has not been approved by the federal Food and Drug Administration. The drug, however, must be approved by the federal Food and Drug Administration and must have been proven effective and accepted for the treatment of the specific type of cancer for which the drug has been prescribed in any one of the following established reference compendia:

- ...
- (2) ~~The ThomsonMicromedex DrugDex;~~Micromedex DrugDex System;
-"

SECTION 3.(c) G.S. 58-67-78 reads as rewritten:

"§ 58-67-78. Coverage of certain prescribed drugs for cancer treatment.

(a) No health care plan written by a health maintenance organization and in force, issued, renewed, or amended on or after January 1, 1994, and that provides coverage for prescribed drugs approved by the federal Food and Drug Administration for the treatment of certain types of cancer shall exclude coverage of any drug on the basis that the drug has been prescribed for the treatment of a type of cancer for which the drug has not been approved by the federal Food and Drug Administration. The drug, however, must be approved by the federal Food and Drug Administration and must have been proven effective and accepted for the treatment of the specific type of cancer for which the drug has been prescribed in any one of the following established reference compendia:

- ...
- (2) ~~The ThomsonMicromedex DrugDex;~~Micromedex DrugDex System;
-"

PART IV. CHANGES RELATED TO THE INSURANCE GUARANTY ACT

SECTION 4.(a) G.S. 58-48-20 reads as rewritten:

"§ 58-48-20. Definitions.

As used in this Article:

- (1) ~~"Account" means any Account.~~ – Any one of the three accounts created by G.S. 58-48-25.
- (1a) ~~"Affiliate" means a Affiliate.~~ – A person who directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with an insolvent insurer on December 31 of the year next preceding the date the insurer becomes an insolvent insurer.
- (2) ~~"Association" means the Association.~~ – The North Carolina Insurance Guaranty Association created under G.S. 58-48-25.
- (2a) ~~"Claimant" means any Claimant.~~ – Any insured making a first party claim or any person instituting a liability claim; provided that no person who is an affiliate of the insolvent insurer may be a claimant.
- (3) Repealed by Session Laws 1991, c. 720, s. 6.
- (3a) ~~"Control" means the Control.~~ – The possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly owns, controls, holds with the power to vote, or holds proxies

1 representing ten percent (10%) or more of the voting securities of any other
2 person. This presumption may be rebutted by a showing that control does not
3 exist in fact.

4 (4) ~~"Covered claim" means an~~ Covered claim. – An unpaid claim, including one
5 of unearned premiums, which is in excess of fifty dollars (\$50.00) and arises
6 out of and is within the coverage and not in excess of the applicable limits of
7 an insurance policy to which this Article applies as issued by an insurer, if
8 ~~such that~~ insurer becomes an insolvent insurer after the effective date of this
9 Article and (i) the claimant or insured is a resident of this State at the time of
10 the insured event; or (ii) the property from which the claim arises is
11 permanently located in this State. "Covered claim" shall not include any
12 amount awarded (i) as punitive or exemplary damages; (ii) sought as a return
13 of premium under any retrospective rating plan; or (iii) due any reinsurer,
14 insurer, insurance pool, or underwriting association, as subrogation or
15 contribution recoveries or otherwise. "Covered claim" also shall not include
16 fines or penalties, including ~~attorneys~~ attorneys' fees, imposed against an
17 insolvent insurer or its insured or claims of any claimant whose net worth
18 exceeds fifty million dollars (\$50,000,000) on December 31 of the year
19 preceding the date the insurer becomes insolvent.

20 (5) ~~"Insolvent insurer" means~~ Insolvent insurer. – An insurer: (i) ~~an insurer~~
21 licensed and authorized to transact insurance in this State either at the time the
22 policy was issued or when the insured event occurred and (ii) against whom
23 an order of liquidation with a finding of insolvency has been entered after the
24 effective date of this Article by a court of competent jurisdiction in the
25 insurer's state of domicile or of this State under the provisions of Article 30 of
26 this Chapter, and which order of liquidation has not been stayed or been the
27 subject of a writ of supersedeas or other comparable order.

28 (6) ~~"Member insurer" means any~~ Member insurer. – Any person who (i) writes
29 any kind of insurance to which this Article applies under G.S. 58-48-10,
30 including the exchange of reciprocal or interinsurance contracts, and (ii) is
31 licensed and authorized to transact insurance in this State.

32 (7) ~~"Net direct written premiums" means direct~~ Net direct written premiums. –
33 Direct gross premiums written in this State on insurance policies to which this
34 Article applies, less return premiums thereon and dividends paid or credited
35 to policyholders on ~~such that~~ direct business. "Net direct written premiums"
36 does not include premiums on contracts between insurers or reinsurers.

37 (7a) ~~"Ocean marine insurance" includes~~ Ocean marine insurance. – Includes: (i)
38 marine insurance as defined in G.S. 58-7-15(20)a., except for inland marine,
39 (ii) marine protection and indemnity insurance as defined in G.S. 58-7-15(21),
40 and (iii) any other form of insurance, regardless of the name, label, or
41 marketing designation of the insurance policy, which insures against maritime
42 perils or risks and other related perils or risks, which are usually insured by
43 traditional marine insurance such as hull and machinery, marine builders'
44 risks, and marine protection and indemnity. The perils and risks insured
45 against include loss, damage, or expense, or legal liability of the insured for
46 loss, damage, or expense, arising out of, or incident to, ownership, operation,
47 chartering, maintenance, use, repair, or construction of any vessel, craft, or
48 instrumentality in use in ocean or inland waterways, including liability of the
49 insured for personal injury, illness, death, or for loss or damage to the property
50 of the insured or another person. "Ocean marine insurance" does not include
51 insurance on vessels or vehicles under five tons gross weight.

- 1 (8) ~~"Person" means any Person.~~ – Any individual, corporation, partnership,
- 2 association or voluntary organization.
- 3 (9) ~~"Policyholder" means the Policyholder.~~ – The person to whom an insurance
- 4 policy to which this Article applies was issued by an insurer which has become
- 5 an insolvent insurer.
- 6 (10) ~~"Resident" means:~~Resident. – Includes all of the following:
- 7"

8 **SECTION 4.(b)** G.S. 58-48-35 reads as rewritten:

9 **"§ 58-48-35. Powers and duties of the Association.**

10 (a) The Association shall:

11 (1) Be obligated to the extent of the covered claims existing prior to the

12 determination of insolvency and arising within 30 days after the determination

13 of insolvency, or before the policy expiration date if less than 30 days after

14 the determination, or before the insured replaces the policy or causes its

15 cancellation, if he does so within 30 days of the determination. This obligation

16 includes only the amount of each covered claim that is in excess of fifty dollars

17 (\$50.00) and is less than ~~three hundred thousand dollars (\$300,000).~~five

18 hundred thousand dollars (\$500,000). However, the Association shall pay the

19 full amount of a covered claim for benefits under a workers' compensation

20 insurance coverage, and shall pay an amount not exceeding ten thousand

21 dollars (\$10,000) per policy for a covered claim for the return of unearned

22 premium. The Association has no obligation to pay a claimant's covered

23 claim, except a claimant's workers' compensation claim, if:

- 24 a. The insured had primary coverage at the time of the loss with a solvent
- 25 insurer equal to or in excess of ~~three hundred thousand dollars~~
- 26 ~~(\$300,000)~~five hundred thousand dollars (\$500,000) and applicable
- 27 to the claimant's loss; or
- 28 b. The insured's coverage is written subject to a self-insured retention
- 29 equal to or in excess of ~~three hundred thousand dollars (\$300,000).~~five
- 30 hundred thousand dollars (\$500,000).

31 If the primary coverage or the self-insured retention is less than ~~three hundred~~

32 ~~thousand dollars (\$300,000).~~five hundred thousand dollars (\$500,000), the

33 Association's obligation to the claimant is reduced by the coverage and the

34 retention. The Association shall pay the full amount of a covered claim for

35 benefits under a workers' compensation insurance coverage to a claimant

36 notwithstanding any self-insured retention, but the Association has the right

37 to recover the amount of the self-insured retention from the employer.

38 In no event shall the Association be obligated to a policyholder or claimant in

39 an amount in excess of the obligation of the insolvent insurer under the policy

40 from which the claim ~~arises.~~arises, including any applicable specific and

41 aggregate limits. Notwithstanding any other provision of this Article, a

42 covered claim shall not include any claim filed with the Association after the

43 final date set by the court for the filing of claims against the liquidator or

44 receiver of an insolvent insurer.

45"

46 **SECTION 4.(c)** Section 4(b) of this act becomes effective October 1, 2023, and

47 applies to covered claims arising from orders of liquidation becoming final on or after that date.

48

49 **PART V. CHANGES RELATED TO TRANSACTIONS WITHIN AN INSURANCE**

50 **HOLDING COMPANY SYSTEM**

51 **SECTION 5.(a)** G.S. 58-19-30 reads as rewritten:

1 "§ 58-19-30. Standards and management of an insurer within an insurance holding
2 company system.

3 (a) Transactions within an insurance holding company system to which an insurer subject
4 to registration is a party are subject to all of the following standards:

5 ...

6 (7) If the Commissioner determines that the continued operation of an insurer
7 subject to this Article is hazardous to the insurer's policyholders, creditors, or
8 the general public under G.S. 58-30-60(b), then the Commissioner may
9 require the insurer to elect between securing and maintaining either (i) a
10 deposit held by the Commissioner or (ii) a bond with respect to any contract
11 or agreement entered into by the insurer. The bond or deposit shall be
12 maintained until the existing contract or agreement is no longer affected by
13 the existence of the hazardous condition. The Commissioner shall determine
14 the amount of the deposit or bond, not to exceed the total annual value of the
15 contracts or agreements affected by the existence of the hazardous condition.

16 (8) All records and data of the insurer held by an affiliate remain the property of
17 the insurer and are subject to control of the insurer. For purposes of this
18 subdivision, "records and data" includes claims and claim files, policyholder
19 lists, application files, litigation files, premium records, rate books,
20 underwriting manuals, personnel records, financial records, or similar
21 information within the possession, custody, or control of the affiliate. An
22 affiliate holding the records and data of an insurer shall do all of the following:

23 a. Ensure, at no additional cost to the insurer, that the records and data
24 controlled by the insurer are identifiable and segregated, or readily
25 capable of segregation, from all other persons' records and data.

26 b. Provide to any receiver of the insurer, upon request: (i) a complete set
27 of all records and data of any type that pertain to the insurer's business,
28 (ii) access to the operating systems on which the records and data are
29 maintained, and (iii) the software that runs those systems either
30 through assumption of licensing agreements or otherwise. The
31 receiver may restrict the use of the records and data by the affiliate if
32 the affiliate is not operating the insurer's business.

33 c. In the event of the affiliate's default under a lease or other agreement,
34 secure a waiver of any landlord lien or other encumbrance to provide
35 the insurer access to all records and data.

36 (9) Premiums or other funds belonging to the insurer that are collected by or held
37 by an affiliate are the exclusive property of the insurer and are subject to the
38 control of the insurer. Any right of offset in the event an insurer is placed into
39 receivership shall be subject to Article 30 of this Chapter.

40 (b) The following transactions involving a domestic insurer and any person in its holding
41 company system, including amendments or modifications of affiliated agreements that were
42 previously filed pursuant to this section and that are subject to any materiality standards contained
43 in ~~subdivision (1) through (7) of this section~~ subdivisions (1) through (6) of this subsection, may
44 not be entered into unless the insurer has notified the Commissioner in writing of its intention to
45 enter into the transaction at least 30 days before the transaction, or ~~such a~~ shorter period as the
46 Commissioner permits, and the Commissioner has not disapproved it within that period. The
47 notice for amendments or modifications shall include the reason for the change and the financial
48 impact on the domestic insurer. Informal notice shall be given to the Commissioner, within 30
49 days after termination of a previously filed agreement, so that the Commissioner may determine
50 the type of filing required, if any. An insurer required to give notice of a proposed transaction

1 pursuant to this subsection shall furnish the required information on a Form D, as prescribed by
 2 the Commissioner:

3 ...
 4 (4) All management agreements, service contracts, tax allocation agreements, or
 5 cost-sharing arrangements. ~~Management agreements, service contracts, and~~
 6 ~~cost-sharing arrangements shall at a minimum and shall,~~ as applicable:

7 ...
 8 f. Define ~~books and records~~ and data of the insurer to include all ~~books~~
 9 ~~and records~~ information developed or maintained under or related to
 10 ~~the agreement.~~ contract or agreement that are otherwise the property of
 11 the insurer. The definition of records and data shall include claims and
 12 claim files, policyholder lists, application files, litigation files,
 13 premium records, rate books, underwriting manuals, personnel
 14 records, financial records, or similar information within the
 15 possession, custody, or control of the affiliate.

16 g. Specify that all ~~books and records~~ and data of the ~~insurer are and~~
 17 ~~insurer:~~ (i) remain the property of the insurer and are subject to the
 18 control of the insurer; insurer, (ii) are subject to the control of the
 19 insurer, and (iii) must, at no additional cost to the insurer, be held in a
 20 manner that ensures that the records and data controlled by the insurer
 21 are identifiable and segregated, or readily capable of segregation, from
 22 all other persons' records and data.

23 ...
 24 i. Include standards for termination of the contract or agreement with
 25 and without cause.

26 j. Include provisions for indemnification of the ~~insurer~~ insurer: (i) in the
 27 event of gross negligence or willful misconduct on the part of the
 28 affiliate providing the ~~services.~~ services or (ii) if the affiliate violates
 29 the terms required by sub-subdivisions k. through o. of this
 30 subdivision.

31 k. Specify that, if the insurer is placed in supervision, conservatorship, or
 32 receivership or seized by the Commissioner under Article 30 of this
 33 Chapter:

34 1. All of the rights of the insurer under the contract or agreement
 35 extend to the receiver receiver, conservator, or Commissioner.

36 2. All ~~books and records~~ will immediately be made available to
 37 ~~the receiver or the Commissioner and shall be turned over to~~
 38 ~~the receiver or Commissioner immediately upon the receiver's~~
 39 ~~or the Commissioner's request.~~ and data of the insurer shall, at
 40 no additional cost to the receiver or Commissioner, be
 41 identifiable and segregated, or readily capable of segregation,
 42 from all other persons' records and data.

43 3. All records and data of the insurer shall be turned over to the
 44 receiver or Commissioner immediately upon the receiver's or
 45 the Commissioner's request. The records and data shall be
 46 turned over in a usable format, and the cost to transfer the
 47 records and data to the receiver or the Commissioner shall be
 48 fair and reasonable.

49 4. At the direction of the receiver or Commissioner, the affiliate
 50 shall make available all employees required to maintain the

- 1 continued performance of operations or services of the insurer
 2 deemed essential by the receiver or Commissioner.
- 3 l. Specify that the affiliate has no automatic right to terminate the
 4 agreement if the insurer is placed in receivership pursuant to
 5 supervision, conservatorship, or receivership, or seized by the
 6 Commissioner under Article 30 of this Chapter.
- 7 m. Specify that the affiliate will continue to maintain any systems,
 8 programs, or other infrastructure notwithstanding a seizure by the
 9 Commissioner under Article 30 of this Chapter, and will make them
 10 available to the receiver, for so long as the affiliate continues to receive
 11 timely payment for services rendered.all of the following with respect
 12 to the performance of services after termination of the contract or
 13 agreement if the insurer is placed in supervision, conservatorship,
 14 receivership, or seized by the Commissioner under Article 30 of this
 15 Chapter.
- 16 1. That the affiliate shall, at the direction of the conservator or
 17 Commissioner, provide services deemed essential after
 18 termination of the contract or agreement.
- 19 2. That the contract or agreement shall specify the minimum
 20 period of time essential services shall be performed after the
 21 termination of the contract or agreement.
- 22 3. That, until the insured is released by the receiver,
 23 Commissioner, or a court order, performance of essential
 24 services after the termination of the contract or agreement shall
 25 be provided without regard to pre-receivership unpaid fees, if
 26 the affiliate continues to receive timely payment for
 27 post-receivership services rendered.
- 28 n. Specify that, if the insurer is placed in supervision, conservatorship,
 29 receivership, or seized by the Commissioner under Article 30 of this
 30 Chapter, the affiliate will do all of the following:
- 31 1. Maintain any systems, programs, or other infrastructure
 32 necessary to the performance of the contract or agreement.
- 33 2. Until the insured is released by the receiver, Commissioner, or
 34 a court order, make any systems, programs, or other
 35 infrastructure necessary to the performance of the contract or
 36 agreement available to the receiver or Commissioner, if the
 37 affiliate continues to receive timely payment for
 38 post-receivership services rendered.
- 39 o. Specify that, if the insurer is placed into receivership pursuant to
 40 Article 30 of this Chapter and portions of the insurer's policies or
 41 contracts are eligible for coverage by one or more guaranty
 42 associations, then, subject to the receiver's authority over the insurer,
 43 the affiliate's commitments under sub-subdivisions k. through n. of
 44 this subdivision will extend to the affected guaranty associations.

45 ...

46 (d) For the purposes of this Article, in determining whether an insurer's surplus as regards
 47 policyholders is reasonable in relation to the insurer's outstanding liabilities and adequate to its
 48 financial needs, the factors set forth in subdivisions (1) through (11) of this subsection, among
 49 others, shall be considered. In determining the adequacy of an insurer's surplus, no single factor
 50 is controlling. The Commissioner will consider the net effect of all of the factors in subdivisions

(1) through (11) of this subsection, plus other factors bearing on the financial condition of the insurer. The factors are:

...

(f) Any affiliate that is party to an agreement or contract with a domestic insurer that is subject to subdivision (b)(4) of this section shall be subject to the jurisdiction of any supervision, seizure, conservatorship, or receivership proceedings against the insurer and to the authority of the Commissioner or any supervisor, conservator, rehabilitator, or liquidator for the insurer appointed pursuant to Article 30 of this Chapter for the purpose of interpreting, enforcing, and overseeing the affiliate's obligations under the agreement or contract to perform services for the insurer that meet any of the following requirements:

- (1) The services are an integral part of the insurer's operations, including management, administrative, accounting, data processing, marketing, underwriting, claims handling, investment, or any other similar functions.
- (2) The services are essential to the insurer's ability to fulfill its obligations under insurance policies.

The Commissioner may require that an agreement or contract pursuant to subdivision (b)(4) of this section for the provision of services described in subdivisions (1) and (2) of this subsection specify that the affiliate consents to the jurisdiction as set forth in this subsection."

SECTION 5.(b) This section becomes effective October 1, 2023, and applies to contracts issued, renewed, or amended on or after that date.

PART VI. TECHNICAL CORRECTION TO REFLECT REPEAL OF PART 2 OF ARTICLE 38 AND ENACTMENT OF ARTICLE 38A OF CHAPTER 1 OF THE GENERAL STATUTES

SECTION 6. G.S. 58-30-1 reads as rewritten:

"§ 58-30-1. Construction and purpose.

(a) This Article does not limit powers granted to the Commissioner by any other provision of law. To the extent practicable, the Commissioner may supplement the provisions of this Article with those of ~~Part 2 of Article 38~~ Article 38A of Chapter 1 of the General Statutes.
...."

PART VII. CHANGES RELATED TO THE ADMINISTRATION OF WORKERS' COMPENSATION LARGE DEDUCTIBLE POLICIES AND INSURED COLLATERAL IN LIQUIDATION PROCEEDINGS

SECTION 7.(a) Article 30 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-30-262. Administration of large deductible policies and insured collateral.

(a) Definitions. – The following definitions apply in this section:

- (1) Association. – As defined in G.S. 58-48-20.
- (2) Collateral. – Any cash, letters of credit, surety bond, or any other form of security posted by or on behalf of the insured or any person to secure the obligation of the insured under the large deductible policy to pay deductible claims or to reimburse the insurer for deductible claim payments. Collateral may also secure an insured's obligation to reimburse or pay to the insurer as may be required for other secured obligations.
- (3) Commercially reasonable. – To act in good faith using prevailing industry practices and making all reasonable efforts considering the facts and circumstances of the matter.
- (4) Deductible claim. – Any claim, including a claim for loss and defense and cost containment expense, unless those expenses are excluded, under a large deductible policy that is within the deductible.

1 (5) Large deductible policy. – Includes any of the following:

2 a. A combination of one or more workers' compensation policies and
3 endorsements issued to an insured and contracts or security
4 agreements entered into between the insurer and the insured in which
5 the insured has agreed with the insurer to do either of the following:

6 1. Pay directly the initial portion of any claim under the policy up
7 to a specified dollar amount, or the expenses related to any
8 claim.

9 2. Reimburse the insurer for its payment of any claim or related
10 expenses under the policy up to the specified dollar amount of
11 the deductible.

12 b. Any policy which contains an aggregate limit on the insured's liability
13 for all deductible claims in addition to a per claim deductible limit.
14 The primary purpose and distinguishing characteristic of a large
15 deductible policy is the shifting of a portion of the ultimate financial
16 responsibility under the large deductible policy to pay claims from the
17 insurer to the insured, even though the obligation to initially pay
18 claims may remain with the insurer.

19 c. Any policy with a deductible of one hundred thousand dollars
20 (\$100,000) or greater.

21 "Large deductible policy" does not include: (i) policies, endorsements, or
22 agreements which provide that the initial portion of any covered claim shall
23 be self-insured and further that the insurer shall have no payment obligation
24 within the self-insured retention or (ii) policies that provide for retrospectively
25 rated premium payments by the insured or reinsurance arrangements or
26 agreements, except to the extent that those arrangements assume, secure, or
27 pay the large deductible obligations of an insured.

28 (6) Other secured obligations. – Obligations of an insured to an insurer other than
29 those under or resulting from a large deductible policy, such as those under a
30 reinsurance agreement or other agreement involving retrospective premium
31 obligations the performance of which is secured by collateral that also secures
32 obligations of an insured under a large deductible policy.

33 (b) Applicability. – This section shall apply to workers' compensation large deductible
34 policies insuring workers' compensation liabilities under the Workers' Compensation Act of this
35 State issued by an insurer subject to an order of liquidation as set forth in G.S. 58-30-105 that
36 has become final in the state of entry, whether the liquidation order is entered in this State or in
37 a reciprocal state.

38 (c) Exceptions. – This section shall not apply to claims funded by the Association or a
39 foreign guaranty association net of the deductible unless subsection (d) of this section applies.

40 (d) Handling of Large Deductible Claims. – Large deductible policies shall be
41 administered in accordance with their terms, except to the extent those terms conflict with this
42 section. All large deductible claims resulting from the handling or administration of one or more
43 covered claims of a claimant as defined by G.S. 58-48-20 or the applicable guaranty laws of a
44 foreign guaranty association, including those that may have been funded by an insured before
45 liquidation, shall be turned over to the Association for handling and administration or shall be
46 turned over to the foreign guaranty association in the state where the claim is pending for
47 handling and administration. To the extent the insured funds or pays the deductible claim,
48 pursuant to an agreement with the Association or a foreign guaranty association or otherwise, the
49 funding or payment of a deductible claim directly or to the Association or a foreign guaranty
50 association by or on behalf of the insured will extinguish the obligations, if any, of the liquidator,
51 the Association, or the foreign guaranty association to pay the claim. No charge or claim of any

1 kind shall be made against the liquidator, the Association, or a foreign guaranty association on
2 the basis of the funding or payment of a deductible claim by or on behalf of an insured.

3 (e) Deductible Claims Paid by the Association or a Foreign Guaranty Association. –

4 (1) To the extent the Association or a foreign guaranty association pays any
5 deductible claim for which the insurer would have been entitled to
6 reimbursement from the insured, the Association or foreign guaranty
7 association shall be entitled to the full amount of the reimbursement and
8 available collateral as provided for under this section to the extent necessary
9 to reimburse the Association or the foreign guaranty association.
10 Reimbursements paid to the Association or to a foreign guaranty association
11 pursuant to this subdivision shall not be included in any proposal submitted to
12 the court to disburse assets under G.S. 58-30-180 in any report submitted to
13 the court under G.S. 58-30-225, or as any distribution of assets by the
14 liquidator in the domiciliary state.

15 (2) To the extent that the Association or a foreign guaranty association pays a
16 deductible claim that is not reimbursed either from collateral or by payments
17 by an insured, or incurred expenses in connection with large deductible
18 policies that are not reimbursed under this section, the Association or a foreign
19 guaranty association shall be entitled to assert a claim for those amounts in the
20 liquidation proceeding in this State or in the domiciliary state.

21 (3) Nothing in this subsection limits any rights of the Association or a foreign
22 guaranty association that may otherwise arise or exist under applicable law to
23 obtain reimbursement from insureds for claim payments made by the
24 Association or the foreign guaranty association under policies of the insurer
25 or for the Association's or foreign guaranty association's related expenses,
26 including without limitation, those rights arising under G.S. 58-48-35 and
27 G.S. 58-48-50, or those arising or existing under similar laws of other states.

28 (f) Collections. –

29 (1) Unless otherwise agreed to with the liquidator of the insurer in this State or
30 the domiciliary state, the Association or a foreign guaranty association shall
31 collect reimbursements owed for deductible claims as provided for herein and
32 shall take all commercially reasonable actions to collect those
33 reimbursements. The Association or a foreign guaranty association shall
34 promptly bill insureds for reimbursement of covered claims paid by the
35 Association or a foreign guaranty association. The liquidator of the insurer in
36 this State or the domiciliary state shall have the obligation to collect all other
37 reimbursements owed for deductible claims and shall promptly bill insureds
38 or the other responsible persons for reimbursement of deductible claims (i)
39 paid by the insurer prior to liquidation or (ii) paid by the liquidator.

40 (2) If the insured does not make payment within the time specified in the large
41 deductible policy, or within 60 days after the date of billing if no time is
42 specified, the liquidator, the Association, or a foreign guaranty association
43 shall take all commercially reasonable actions to collect any reimbursements
44 owed.

45 (3) Neither the insolvency of the insurer, nor its inability to perform any of its
46 obligations under the large deductible policy, shall be a defense to the
47 insured's reimbursement obligations under the large deductible policy.

48 (4) Allegations of improper handling or excessive or wrongful payment of a
49 deductible claim by the insurer, by the liquidator of the insurer in this State or
50 the domiciliary state, or by the Association or foreign guaranty association

- 1 shall not be a defense to the insured's reimbursement obligations under the
2 large deductible policy.
- 3 (5) The liquidator of the insurer in this State or the domiciliary state is entitled to
4 recover through billings to the insured all reasonable expenses incurred in
5 fulfilling the liquidator's collection obligations pursuant to subdivision (1) of
6 this subsection.
- 7 (g) Collateral. –
- 8 (1) Subject to the provisions of this subsection and the rights of the Association
9 or a foreign guaranty association, the liquidator of the insurer in this State or
10 the domiciliary state shall utilize collateral, when available, to secure the
11 obligation of the insured to fund or reimburse deductible claims or other
12 secured obligations. The Association or a foreign guaranty association shall
13 be entitled to all collateral as provided for in this subsection to the extent
14 needed to reimburse the Association or a foreign guaranty association for the
15 payment of deductible claims. Any distributions made to the Association or
16 to a foreign guaranty association pursuant to this subsection shall not be
17 included in any proposal submitted by the liquidator to the court to disburse
18 assets under G.S. 58-30-180, or in any report submitted to the court under
19 G.S. 58-30-225, or as any distribution of assets in the domiciliary state.
- 20 (2) All claims against the collateral shall be paid in the order received, and no
21 claim of the liquidator of the insurer in this State or the domiciliary state,
22 including those described in or arising under this subsection, shall supersede
23 or take priority over any other claim against the collateral made by the
24 Association or a foreign guaranty association. However, to the extent that the
25 collateral is subject to other known secured obligations, or if more than one
26 creditor has a valid claim against the same collateral and the available
27 collateral, including future billing and collection efforts, are together
28 insufficient to pay each creditor in full, the liquidator of the insurer in this
29 State or in the domiciliary state may prorate payments from the proceeds of
30 the collateral based on the ratio of the amount of claims each creditor has to
31 the sum or all claims of all creditors with claims against the involved
32 collateral.
- 33 (3) The liquidator of the insurer in this State or the domiciliary state shall draw
34 down collateral to the extent necessary in the event that the insured fails to do
35 any of the following:
- 36 a. Perform its funding or payment obligations under any large deductible
37 policy.
- 38 b. Pay deductible claim reimbursements within the time specified in the
39 large deductible policy or within 60 days after the date of the billing if
40 no time is specified.
- 41 c. Pay amounts due the estate for pre-liquidation obligations.
- 42 d. Timely fund any other secured obligation.
- 43 e. Timely pay expenses.
- 44 (4) Excess collateral may be returned to the insured as determined by the
45 liquidator of the insurer in this State or the domiciliary state after a periodic
46 review of claims paid, outstanding case reserves and a factor for incurred but
47 not reported claims.
- 48 (5) This section shall not limit or adversely affect any rights or powers the
49 Association or a foreign guaranty association may have pursuant to other
50 applicable state law to obtain reimbursement from certain classes of
51 policyholders for claims payments made by the Association or a foreign

- 1 guaranty association arising under policies of the insolvent insurer, or for
 2 related expenses the Association or a foreign guaranty association incurs.
 3 (6) Notwithstanding any other provision of this section, if the liquidator of the
 4 insurer in this State or the domiciliary state and the Association or a foreign
 5 guaranty association agree that the liquidator will collect reimbursements
 6 owed for deductible claims, the liquidator is entitled to deduct from the large
 7 deductible claim collateral or from the deductible reimbursements reasonable
 8 and actual expenses incurred in connection with the collection of the large
 9 deductible claim collateral and deductible reimbursements."

10 **SECTION 7.(b)** This section becomes effective October 1, 2023, and applies to
 11 insurance contracts issued, renewed, or amended on or after that date.

12
 13 **PART VIII. TECHNICAL CORRECTION TO ADD OMITTED WORD TO G.S. 58-33-5**

14 **SECTION 8.** G.S. 58-33-5 reads as rewritten:

15 **"§ 58-33-5. License required.**

16 A person shall not sell, solicit, or negotiate insurance in this State for any kind of insurance
 17 unless the person is licensed for that line of authority in accordance with this Article."

18
 19 **PART IX. AMEND ON-SITE AUDIT REQUIREMENTS FOR THIRD-PARTY**
 20 **ADMINISTRATORS**

21 **SECTION 9.** G.S. 58-56-26(c) reads as rewritten:

22 "(c) In cases where a TPA administers benefits for more than 100 certificate holders on
 23 behalf of an insurer, the insurer shall, at least semiannually, conduct a review of the operations
 24 of the TPA. At least one semiannual review shall be an ~~on-site~~ audit of the operations of the TPA.
 25 The insurer may conduct that audit either on-site or virtually. On July 1, 2010, and annually
 26 thereafter, every insurer shall file with the Commissioner a certification of completion of the
 27 audits as required by this subsection and performed during the previous calendar year, in the
 28 format, content, and manner as specified by the Commissioner. The insurer shall maintain in its
 29 corporate records documentation of the audits conducted to support its certification of audits for
 30 a period of five years or, if a domestic insurer, until the completion of the next quinquennial
 31 examination."

32
 33 **PART X. INCREASE OR IMPLEMENT CRIMINAL PENALTIES FOR CERTAIN**
 34 **VIOLATIONS**

35 **SECTION 10.(a)** G.S. 58-2-161 reads as rewritten:

36 **"§ 58-2-161. False statement to procure or deny benefit of insurance policy or certificate.**

37 (a) Definitions. – For the purposes of this section:

38 ...

39 (b) ~~Any person who, Prohibited Act.~~ – It is unlawful for a person to, with the intent to
 40 injure, defraud, or deceive an insurer or insurance claimant; claimant, do either of the following:

- 41 (1) ~~Presents~~ Present or ~~causes~~ cause to be presented a written or oral statement,
 42 including computer-generated documents as part of, in support of, or in
 43 opposition to, a claim for payment or other benefit pursuant to an insurance
 44 policy, knowing that the statement contains false or misleading information
 45 concerning any fact or matter material to the ~~claim, or claim.~~
 46 (2) ~~Assists, abets, solicits, or conspires~~ Assist, abet, solicit, or conspire with
 47 another person to prepare or make any written or oral statement that is
 48 intended to be presented to an insurer or insurance claimant in connection
 49 with, in support of, or in opposition to, a claim for payment or other benefit
 50 pursuant to an insurance policy, knowing that the statement contains false or
 51 misleading information concerning a fact or matter material to the ~~claim~~ claim.

1 ~~is guilty of a Class H felony.~~ Each claim shall be considered a separate count. Upon conviction,
2 if the court imposes probation, the court may order the defendant to pay restitution as a condition
3 of probation. In determination of the amount of restitution pursuant to G.S. 15A-1343(d), the
4 reasonable costs and attorneys' fees incurred by the victim in the investigation of, and efforts to
5 recover damages arising from, the claim, may be considered part of the damage caused by the
6 defendant arising out of the offense.

7 ...

8 (c) Punishment. – Violations of this section are punishable as follows:

9 (1) If the amount of the claim for payment or other benefit is less than one hundred
10 thousand dollars (\$100,000), a violation shall be punishable as a Class H
11 felony.

12 (2) If the amount of the claim for payment or other benefit is one hundred
13 thousand dollars (\$100,000) or more, a violation shall be punishable as a Class
14 C felony."

15 **SECTION 10.(b)** Article 33A of Chapter 58 of the General Statutes is amended by
16 adding a new section to read:

17 **"§ 58-33A-93. Criminal penalties.**

18 Except as otherwise provided in this Article, any person who willfully and knowingly
19 conducts business as a public adjuster in violation of this Article is guilty of a Class 1
20 misdemeanor."

21 **SECTION 10.(c)** This section becomes effective December 1, 2023, and applies to
22 offenses committed on or after that date.

23 **PART XI. ADDITIONAL CERTIFICATE OF INSURANCE PROHIBITIONS**

24 **SECTION 11.(a)** G.S. 58-3-149 reads as rewritten:

25 **"§ 58-3-149. Certificates of insurance.**

26 ...

27 (c) It is unlawful for any person to knowingly prepare, issue, request, or require a
28 certificate of insurance that meets any of the following criteria:

29 ...

30 (4) Includes information not contained in the underlying insurance policy.

31"

32 **SECTION 11.(b)** This section becomes effective October 1, 2023.

33 **PART XII. AUTHORIZE INSURANCE PREMIUM CONVENIENCE FEES**

34 **SECTION 12.(a)** G.S. 58-3-145 reads as rewritten:

35 **"§ 58-3-145. Solicitation, negotiation or payment of premiums on insurance policies.**

36 (a) An insurer or insurance producer may accept ~~payment~~ electronic payment, as defined
37 in G.S. 147-86.20, of an insurance premium ~~by credit card or debit card~~ if the insurer accepting
38 payment by credit card or debit card meets the following conditions:

39 (1) ~~The insurer or insurance producer~~ complies with the prohibition against unfair
40 discrimination contained in G.S. 58-63-15(7).

41 (2) ~~The insurer pays the fees charged by the credit card company or debit card~~
42 issuer for the payment of premiums by credit card or debit card.

43 (b) An insurer or insurance producer accepting electronic payment by credit or debit card
44 may charge the person using electronic payment a convenience fee in an amount not to exceed
45 four percent (4%) of the electronic payment."

46 **SECTION 12.(b)** This section becomes effective October 1, 2023.

47 **PART XIII. INCREASE MINIMUM LIABILITY LIMITS FOR INSURANCE** 48 **REQUIRED BY THE STATE**

1 **SECTION 13.(a)** G.S. 20-279.1 reads as rewritten:

2 "**§ 20-279.1. Definitions.**

3 The following words and phrases, when used in this Article, shall, for the purposes of this
4 Article, have the meanings respectively ascribed to them in this section, except in those instances
5 where the context clearly indicates a different meaning:

6 ...

7 (11) "Proof of financial responsibility": Proof of ability to respond in damages for
8 liability, on account of accidents occurring subsequent to the effective date of
9 said proof, arising out of the ownership, maintenance or use of a motor
10 vehicle, in the amount of ~~thirty thousand dollars (\$30,000)~~ fifty thousand
11 dollars (\$50,000) because of bodily injury to or death of one person in any one
12 accident, and, subject to said limit for one person, in the amount of ~~sixty~~
13 ~~thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000) because
14 of bodily injury to or death of two or more persons in any one accident, and
15 in the amount of ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars
16 (\$50,000) because of injury to or destruction of property of others in any one
17 accident. Nothing contained herein shall prevent an insurer and an insured
18 from entering into a contract, not affecting third parties, providing for a
19 deductible as to property damage at a rate approved by the Commissioner of
20 Insurance.

21 "

22 **SECTION 13.(b)** G.S. 20-279.5 reads as rewritten:

23 "**§ 20-279.5. Security required unless evidence of insurance; when security determined;**
24 **suspension; exceptions.**

25 ...

26 (c) This section shall not apply under the conditions stated in G.S. 20-279.6 nor:

27 ...

28 No such policy or bond shall be effective under this section unless issued by an insurance
29 company or surety company authorized to do business in this State, except that if such motor
30 vehicle was not registered in this State, or was a motor vehicle which was registered elsewhere
31 than in this State at the effective date of the policy or bond, or the most recent renewal thereof,
32 or if such operator not an owner was a nonresident of this State, such policy or bond shall not be
33 effective under this section unless the insurance company or surety company if not authorized to
34 do business in this State shall execute a power of attorney authorizing the Commissioner to accept
35 service on its behalf of notice or process in any action upon such policy, or bond arising out of
36 such accident, and unless said insurance company or surety company, if not authorized to do
37 business in this State, is authorized to do business in the state or other jurisdiction where the
38 motor vehicle is registered or, if such policy or bond is filed on behalf of an operator not an owner
39 who was a nonresident of this State, unless said insurance company or surety company, if not
40 authorized to do business in this State, is authorized to do business in the state or other jurisdiction
41 of residence of such operator; provided, however, every such policy or bond is subject, if the
42 accident has resulted in bodily injury or death, to a limit, exclusive of interest and cost, of not
43 less than ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) because of bodily
44 injury to or death of one person in any one accident and, subject to said limit for one person, to
45 a limit of not less than ~~sixty thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000)
46 because of bodily injury to or death of two or more persons in any one accident, and, if the
47 accident has resulted in injury to or destruction of property, to a limit of not less than ~~twenty five~~
48 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction of
49 property of others in any one accident."

50 **SECTION 13.(c)** G.S. 20-279.15 reads as rewritten:

51 "**§ 20-279.15. Payment sufficient to satisfy requirements.**

1 In addition to other methods of satisfaction provided by law, judgments herein referred to
 2 shall, for the purpose of this Article, be deemed satisfied:

- 3 (1) When ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) has
 4 been credited upon any judgment or judgments rendered in excess of that
 5 amount because of bodily injury to or death of one person as the result of any
 6 one accident; or
- 7 (2) When, subject to such limit of ~~thirty thousand dollars (\$30,000)~~ sixty thousand
 8 dollars (\$60,000) because of bodily injury to or death of one person, the sum
 9 of ~~sixty thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000)
 10 has been credited upon any judgment or judgments rendered in excess of that
 11 amount because of bodily injury to or death of two or more persons as the
 12 result of any one accident; or
- 13 (3) When ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000)
 14 has been credited upon any judgment or judgments rendered in excess of that
 15 amount because of injury to or destruction of property of others as a result of
 16 any one accident;

17 Provided, however, payments made in settlement of any claims because of bodily injury,
 18 death or property damage arising from a motor vehicle accident shall be credited in reduction of
 19 the amounts provided for in this section."

20 **SECTION 13.(d)** G.S. 20-279.21 reads as rewritten:

21 **"§ 20-279.21. "Motor vehicle liability policy" defined.**

22 ...
 23 (b) Except as provided in G.S. 20-309(a2), such owner's policy of liability insurance:

- 24 ...
- 25 (2) Shall insure the person named therein and any other person, as insured, using
 26 any such motor vehicle or motor vehicles with the express or implied
 27 permission of such named insured, or any other persons in lawful possession,
 28 against loss from the liability imposed by law for damages arising out of the
 29 ownership, maintenance or use of such motor vehicle or motor vehicles within
 30 the United States of America or the Dominion of Canada subject to limits
 31 exclusive of interest and costs, with respect to each such motor vehicle, as
 32 follows: ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000)
 33 because of bodily injury to or death of one person in any one accident and,
 34 subject to said limit for one person, ~~sixty thousand dollars (\$60,000)~~ one
 35 hundred thousand dollars (\$100,000) because of bodily injury to or death of
 36 two or more persons in any one accident, and ~~twenty five thousand dollars~~
 37 ~~(\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction
 38 of property of others in any one accident; and

- 39 ...
- 40 (4) Shall, in addition to the coverages set forth in subdivisions (2) and (3) of this
 41 subsection, provide underinsured motorist coverage, to be used only with a
 42 policy that is written at limits that exceed those prescribed by subdivision (2)
 43 of this subsection. The limits of such underinsured motorist bodily injury
 44 coverage shall be equal to the highest limits of bodily injury liability coverage
 45 for any one vehicle insured under the policy; provided, however, that (i) the
 46 limits shall not exceed one million dollars (\$1,000,000) per person and one
 47 million dollars (\$1,000,000) per accident regardless of whether the highest
 48 limits of bodily injury liability coverage for any one vehicle insured under the
 49 policy exceed those limits, (ii) a named insured may purchase greater or lesser
 50 limits, except that the limits shall exceed the bodily injury liability limits
 51 required pursuant to subdivision (2) of this subsection, and in no event shall

1 an insurer be required by this subdivision to sell underinsured motorist bodily
2 injury coverage at limits that exceed one million dollars (\$1,000,000) per
3 person and one million dollars (\$1,000,000) per accident, and (iii) the limits
4 shall be equal to the limits of uninsured motorist bodily injury coverage
5 purchased pursuant to subdivision (3) of this subsection. When the policy is
6 issued and renewed, the insurer shall notify the named insured as provided in
7 subsection (m) of this section. An "uninsured motor vehicle," as described in
8 subdivision (3) of this subsection, includes an "underinsured highway
9 vehicle," which means a highway vehicle with respect to the ownership,
10 maintenance, or use of which, the sum of the limits of liability under all bodily
11 injury liability bonds and insurance policies applicable at the time of the
12 accident is less than ~~the applicable limits of underinsured motorist coverage~~
13 ~~for the vehicle involved in the accident and insured under the owner's policy.~~
14 the total damages sustained by an individual seeking payment of benefits
15 under this subdivision. For purposes of an underinsured motorist claim
16 asserted by a person injured in an accident where more than one person is
17 injured, a highway vehicle will also be an "underinsured highway vehicle" if
18 if all bodily injury liability bonds and insurance policies applicable to such
19 highway vehicle at the time of the accident are exhausted and the total amount
20 actually paid to that person under from the exhaustion of all bodily injury
21 liability bonds and insurance policies applicable to such highway vehicle at
22 the time of the accident is less than the applicable limits of underinsured
23 motorist coverage for the vehicle involved in the accident and insured under
24 the owner's policy. the total damages sustained by such person seeking
25 payment of benefits under this subdivision. Notwithstanding the immediately
26 preceding sentence, a highway vehicle shall not be an "underinsured motor
27 vehicle" for purposes of an underinsured motorist claim under an owner's
28 policy insuring that vehicle unless the owner's policy insuring that vehicle
29 provides underinsured motorist coverage with limits that are greater than that
30 policy's bodily injury liability ~~limits.~~ limits, in which event the available
31 underinsured motorist coverage is that amount of underinsured motorist
32 coverage under the owner's policy insuring that vehicle which exceeds the
33 policy's bodily injury liability limits. For the purposes of this subdivision, the
34 term "highway vehicle" means a land motor vehicle or trailer other than (i) a
35 farm-type tractor or other vehicle designed for use principally off public roads
36 and while not upon public roads, (ii) a vehicle operated on rails or
37 crawler-treads, or (iii) a vehicle while located for use as a residence or
38 premises. The provisions of subdivision (3) of this subsection shall apply to
39 the coverage required by this subdivision. Underinsured motorist coverage is
40 deemed to apply when, by reason of payment of judgment or settlement, all
41 liability bonds or insurance policies providing coverage for bodily injury
42 caused by the ownership, maintenance, or use of the underinsured highway
43 vehicle have been exhausted. Exhaustion of that liability coverage for the
44 purpose of any single ~~liability~~ claim presented for underinsured motorist
45 coverage is deemed to occur when either (a) the limits of liability per claim
46 have been paid or tendered upon the claim, or (b) by reason of multiple claims,
47 the aggregate per occurrence limit of liability has been ~~paid.~~ paid or tendered.
48 Underinsured motorist coverage is deemed to apply to the first dollar of an
49 underinsured motorist coverage claim beyond amounts paid to the claimant
50 under the exhausted liability ~~policy.~~ policy or policies applicable to the
51 underinsured highway vehicle at the time of the accident. The amount of

1 underinsured motorist coverage applicable to any claim for benefits under this
 2 subdivision shall not be reduced by a setoff or credit against any coverage,
 3 including liability insurance, except for workers' compensation coverage to
 4 the extent provided for in subsection (e) of this section. If a claimant is an
 5 insured under the underinsured motorist coverage on separate or additional
 6 policies, the total amount of underinsured motorist coverage applicable to the
 7 claimant is the sum of the limits of the claimant's underinsured motorist
 8 coverages as determined by combining the highest limit available under each
 9 policy and shall not be reduced by a setoff against any coverage, including
 10 liability insurance, except for workers' compensation coverage to the extent
 11 provided for in subsection (e) of this section.

12 ~~In any event, the limit of underinsured motorist coverage applicable to any~~
 13 ~~claim is determined to be the difference between the amount paid to the~~
 14 ~~claimant under the exhausted liability policy or policies and the limit of~~
 15 ~~underinsured motorist coverage applicable to the motor vehicle involved in~~
 16 ~~the accident. Furthermore, if a claimant is an insured under the underinsured~~
 17 ~~motorist coverage on separate or additional policies, the limit of underinsured~~
 18 ~~motorist coverage applicable to the claimant is the difference between the~~
 19 ~~amount paid to the claimant under the exhausted liability policy or policies~~
 20 ~~and the total limits of the claimant's underinsured motorist coverages as~~
 21 ~~determined by combining the highest limit available under each policy;~~
 22 ~~provided that this sentence shall apply only to insurance on nonfleet private~~
 23 ~~passenger motor vehicles as described in G.S. 58-40-15(9) and (10). The~~
 24 ~~underinsured motorist limits applicable to any one motor vehicle under a~~
 25 ~~policy shall not be combined with or added to the limits applicable to any~~
 26 ~~other motor vehicle under that policy.~~

27 ...

28 (m) Every insurer that sells motor vehicle liability policies subject to the requirements of
 29 subdivisions (b)(3) and (b)(4) of this section shall, when issuing and renewing a policy, give
 30 reasonable notice to the named insured of all of the following:

31 (1) The named insured is required to purchase uninsured motorist bodily injury
 32 coverage, uninsured motorist property damage coverage, ~~and, if applicable,~~
 33 and underinsured motorist bodily injury coverage.

34 ...

35 (4) The named insured's underinsured motorist bodily injury coverage ~~limits, if~~
 36 ~~applicable, limits~~ shall be equal to the highest limits of bodily injury liability
 37 coverage for any one vehicle insured under the policy unless the insured elects
 38 to purchase greater or lesser limits for underinsured motorist bodily injury
 39 coverage.

40"

41 **SECTION 13.(e)** G.S. 20-279.25 reads as rewritten:

42 "**§ 20-279.25. Money or securities as proof.**

43 (a) Proof of financial responsibility may be evidenced by the certificate of the State
 44 Treasurer that the person named therein has deposited with him ~~eighty-five thousand dollars~~
 45 ~~(\$85,000)~~ one hundred twenty-five thousand dollars (\$125,000) in cash, or securities such as may
 46 legally be purchased by savings banks or for trust funds of a market value of ~~eighty-five thousand~~
 47 ~~dollars (\$85,000).~~ one hundred twenty-five thousand dollars (\$125,000). The State Treasurer
 48 shall not accept any such deposit and issue a certificate therefor and the Commissioner shall not
 49 accept such certificate unless accompanied by evidence that there are no unsatisfied judgments
 50 of any character against the depositor in the county where the depositor resides.

51"

1 **SECTION 13.(f)** G.S. 20-281 reads as rewritten:

2 "**§ 20-281. Liability insurance prerequisite to engaging in business; coverage of policy.**

3 From and after July 1, 1953, it shall be unlawful for any person, firm or corporation to engage
4 in the business of renting or leasing motor vehicles to the public for operation by the rentee or
5 lessee unless such person, firm or corporation has secured insurance for his own liability and that
6 of his rentee or lessee, in such an amount as is hereinafter provided, from an insurance company
7 duly licensed to sell motor vehicle liability insurance in this State. Each such motor vehicle leased
8 or rented must be covered by a policy of liability insurance insuring the owner and rentee or
9 lessee and their agents and employees while in the performance of their duties against loss from
10 any liability imposed by law for damages including damages for care and loss of services because
11 of bodily injury to or death of any person and injury to or destruction of property caused by
12 accident arising out of the operation of such motor vehicle, subject to the following minimum
13 limits: ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) because of bodily injury
14 to or death of one person in any one accident, and ~~sixty thousand dollars (\$60,000)~~ one hundred
15 thousand dollars (\$100,000) because of bodily injury to or death of two or more persons in any
16 one accident, and ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000)
17 because of injury to or destruction of property of others in any one accident. Provided, however,
18 that nothing in this Article shall prevent such operators from qualifying as self-insurers under
19 terms and conditions to be prepared and prescribed by the Commissioner of Motor Vehicles or
20 by giving bond with personal or corporate surety, as now provided by G.S. 20-279.24, in lieu of
21 securing the insurance policy hereinbefore provided for."

22 **SECTION 13.(g)** G.S. 58-37-35 reads as rewritten:

23 "**§ 58-37-35. The Facility; functions; administration.**

24 ...

25 (b) The Facility shall reinsure for each coverage available in the Facility to the standard
26 percentage of one hundred percent (100%) or lesser equitable percentage established in the
27 Facility's plan of operation as follows:

28 (1) For the following coverages of motor vehicle insurance and in at least the
29 following amounts of insurance:

- 30 a. Bodily injury liability: ~~thirty thousand dollars (\$30,000)~~ fifty thousand
31 dollars (\$50,000) each person, ~~sixty thousand dollars (\$60,000)~~ one
32 hundred thousand dollars (\$100,000) each accident;
- 33 b. Property damage liability: ~~twenty five thousand dollars (\$25,000)~~ fifty
34 thousand dollars (\$50,000) each accident;
- 35 c. Medical payments: one thousand dollars (\$1,000) each person; except
36 that this coverage shall not be available for motorcycles or mopeds;
- 37 d. Uninsured motorist: ~~thirty thousand dollars (\$30,000)~~ fifty thousand
38 dollars (\$50,000) each person; ~~sixty thousand dollars (\$60,000)~~ one
39 hundred thousand dollars (\$100,000) each accident for bodily injury;
40 ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars
41 (\$50,000) each accident property damage (one hundred dollars
42 (\$100.00) deductible);
- 43 e. Any other motor vehicle insurance or financial responsibility limits in
44 the amounts required by any federal law or federal agency regulation;
45 by any law of this State; or by any rule duly adopted under Chapter
46 150B of the General Statutes or by the North Carolina Utilities
47 Commission.

48 "

49 **SECTION 13.(h)** This section becomes effective October 1, 2025, and applies to
50 policies issued, amended, or renewed on or after that date.

1 **PART XIV. EFFECTIVE DATE**

2 **SECTION 14.** Except as otherwise provided, this act is effective when it becomes
3 law.