

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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SENATE BILL 452  
PROPOSED COMMITTEE SUBSTITUTE S452-PCS35267-TU-12

Short Title: NC Department of Insurance Omnibus .-AB

(Public)

Sponsors:

Referred to:

April 3, 2023

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.



\* S 4 5 2 - P C S 3 5 2 6 7 - T U - 1 2 \*

- 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. TECHNICAL CORRECTION TO REFLECT COMPENDIUM NAME**  
13 **CHANGE**

14 **SECTION 2.(a)** G.S. 58-51-59 reads as rewritten:

15 **"§ 58-51-59. Coverage of certain prescribed drugs for cancer treatment.**

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

- 25 ...
- 26 (2) ~~The ThomsonMicromedex DrugDex;~~ Micromedex DrugDex System;
- 27 ...."

28 **SECTION 2.(b)** G.S. 58-65-94 reads as rewritten:

29 **"§ 58-65-94. Coverage of certain prescribed drugs for cancer treatment.**

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

- 40 ...
- 41 (2) ~~The ThomsonMicromedex DrugDex;~~ Micromedex DrugDex System;
- 42 ...."

43 **SECTION 2.(c)** G.S. 58-67-78 reads as rewritten:

44 **"§ 58-67-78. Coverage of certain prescribed drugs for cancer treatment.**

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

1 type of cancer for which the drug has been prescribed in any one of the following established  
 2 reference compendia:

- 3 ...  
 4 (2) ~~The ThomsonMicromedex DrugDex;~~Micromedex DrugDex System;  
 5 ...."

6  
 7 **PART III. CHANGES RELATED TO THE INSURANCE GUARANTY ACT**

8 **SECTION 3.(a)** G.S. 58-48-20 reads as rewritten:

9 **"§ 58-48-20. Definitions.**

10 As used in this Article:

- 11 (1) ~~"Account" means any Account.~~ – Any one of the three accounts created by  
 12 G.S. 58-48-25.  
 13 (1a) ~~"Affiliate" means a Affiliate.~~ – A person who directly, or indirectly, through  
 14 one or more intermediaries, controls, is controlled by, or is under common  
 15 control with an insolvent insurer on December 31 of the year next preceding  
 16 the date the insurer becomes an insolvent insurer.  
 17 (2) ~~"Association" means the Association.~~ – The North Carolina Insurance  
 18 Guaranty Association created under G.S. 58-48-25.  
 19 (2a) ~~"Claimant" means any Claimant.~~ – Any insured making a first party claim or  
 20 any person instituting a liability claim; provided that no person who is an  
 21 affiliate of the insolvent insurer may be a claimant.  
 22 (3) Repealed by Session Laws 1991, c. 720, s. 6.  
 23 (3a) ~~"Control" means the Control.~~ – The possession, direct or indirect, of the power  
 24 to direct or cause the direction of the management and policies of a person,  
 25 whether through the ownership of voting securities, by contract, other than a  
 26 commercial contract for goods or nonmanagement services, or otherwise,  
 27 unless the power is the result of an official position with or corporate office  
 28 held by the person. Control shall be presumed to exist if any person, directly  
 29 or indirectly owns, controls, holds with the power to vote, or holds proxies  
 30 representing ten percent (10%) or more of the voting securities of any other  
 31 person. This presumption may be rebutted by a showing that control does not  
 32 exist in fact.  
 33 (4) ~~"Covered claim" means an Covered claim.~~ – An unpaid claim, including one  
 34 of unearned premiums, which is in excess of fifty dollars (\$50.00) and arises  
 35 out of and is within the coverage and not in excess of the applicable limits of  
 36 an insurance policy to which this Article applies as issued by an insurer, if  
 37 such that insurer becomes an insolvent insurer after the effective date of this  
 38 Article and (i) the claimant or insured is a resident of this State at the time of  
 39 the insured event; or (ii) the property from which the claim arises is  
 40 permanently located in this State. "Covered claim" shall not include any  
 41 amount awarded (i) as punitive or exemplary damages; (ii) sought as a return  
 42 of premium under any retrospective rating plan; or (iii) due any reinsurer,  
 43 insurer, insurance pool, or underwriting association, as subrogation or  
 44 contribution recoveries or otherwise. "Covered claim" also shall not include  
 45 finances or penalties, including ~~attorneys~~attorneys' fees, imposed against an  
 46 insolvent insurer or its insured or claims of any claimant whose net worth  
 47 exceeds fifty million dollars (\$50,000,000) on December 31 of the year  
 48 preceding the date the insurer becomes insolvent.  
 49 (5) ~~"Insolvent insurer" means Insolvent insurer.~~ – An insurer: (i) an insurer  
 50 licensed and authorized to transact insurance in this State either at the time the  
 51 policy was issued or when the insured event occurred and (ii) against whom

1 an order of liquidation with a finding of insolvency has been entered after the  
 2 effective date of this Article by a court of competent jurisdiction in the  
 3 insurer's state of domicile or of this State under the provisions of Article 30 of  
 4 this Chapter, and which order of liquidation has not been stayed or been the  
 5 subject of a writ of supersedeas or other comparable order.

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

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

15 (7a) ~~"Ocean marine insurance" includes~~ Ocean marine insurance. – Includes: (i)  
 16 marine insurance as defined in G.S. 58-7-15(20)a., except for inland marine,  
 17 (ii) marine protection and indemnity insurance as defined in G.S. 58-7-15(21),  
 18 and (iii) any other form of insurance, regardless of the name, label, or  
 19 marketing designation of the insurance policy, which insures against maritime  
 20 perils or risks and other related perils or risks, which are usually insured by  
 21 traditional marine insurance such as hull and machinery, marine builders'  
 22 risks, and marine protection and indemnity. The perils and risks insured  
 23 against include loss, damage, or expense, or legal liability of the insured for  
 24 loss, damage, or expense, arising out of, or incident to, ownership, operation,  
 25 chartering, maintenance, use, repair, or construction of any vessel, craft, or  
 26 instrumentality in use in ocean or inland waterways, including liability of the  
 27 insured for personal injury, illness, death, or for loss or damage to the property  
 28 of the insured or another person. "Ocean marine insurance" does not include  
 29 insurance on vessels or vehicles under five tons gross weight.

30 (8) ~~"Person" means any~~ Person. – Any individual, corporation, partnership,  
 31 association or voluntary organization.

32 (9) ~~"Policyholder" means the~~ Policyholder. – The person to whom an insurance  
 33 policy to which this Article applies was issued by an insurer which has become  
 34 an insolvent insurer.

35 (10) ~~"Resident" means:~~ Resident. – Includes all of the following:  
 36 ...."

37 **SECTION 3.(b)** G.S. 58-48-35 reads as rewritten:

38 **"§ 58-48-35. Powers and duties of the Association.**

39 (a) The Association shall:

40 (1) Be obligated to the extent of the covered claims existing prior to the  
 41 determination of insolvency and arising within 30 days after the determination  
 42 of insolvency, or before the policy expiration date if less than 30 days after  
 43 the determination, or before the insured replaces the policy or causes its  
 44 cancellation, if he does so within 30 days of the determination. This obligation  
 45 includes only the amount of each covered claim that is in excess of fifty dollars  
 46 (\$50.00) and is less than ~~three hundred thousand dollars (\$300,000).~~ five  
 47 hundred thousand dollars (\$500,000). However, the Association shall pay the  
 48 full amount of a covered claim for benefits under a workers' compensation  
 49 insurance coverage, and shall pay an amount not exceeding ten thousand  
 50 dollars (\$10,000) per policy for a covered claim for the return of unearned

premium. The Association has no obligation to pay a claimant's covered claim, except a claimant's workers' compensation claim, if:

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

If the primary coverage or the self-insured retention is less than ~~three hundred thousand dollars (\$300,000)~~ five hundred thousand dollars (\$500,000), the Association's obligation to the claimant is reduced by the coverage and the retention. The Association shall pay the full amount of a covered claim for benefits under a workers' compensation insurance coverage to a claimant notwithstanding any self-insured retention, but the Association has the right to recover the amount of the self-insured retention from the employer.

In no event shall the Association be obligated to a policyholder or claimant in an amount in excess of the obligation of the insolvent insurer under the policy from which the claim ~~arises~~ arises, including any applicable specific and aggregate limits. Notwithstanding any other provision of this Article, a covered claim shall not include any claim filed with the Association after the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer.

...."

**SECTION 3.(c)** This section becomes effective October 1, 2023, and applies to covered claims arising from orders of liquidation becoming final on or after that date.

**PART IV. CHANGES RELATED TO TRANSACTIONS WITHIN AN INSURANCE HOLDING COMPANY SYSTEM**

**SECTION 4.(a)** G.S. 58-19-30 reads as rewritten:

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

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

...

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

(8) All records and data of the insurer held by an affiliate remain the property of the insurer and are subject to control of the insurer. For purposes of this subdivision, "records and data" includes claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records, or similar

- 1 information within the possession, custody, or control of the affiliate. An
- 2 affiliate holding the records and data of an insurer shall do all of the following:
- 3 a. Ensure, at no additional cost to the insurer, that the records and data
- 4 controlled by the insurer are identifiable and segregated, or readily
- 5 capable of segregation, from all other persons' records and data.
- 6 b. Provide to any receiver of the insurer, upon request: (i) a complete set
- 7 of all records and data of any type that pertain to the insurer's business,
- 8 (ii) access to the operating systems on which the records and data are
- 9 maintained, and (iii) the software that runs those systems either
- 10 through assumption of licensing agreements or otherwise. The
- 11 receiver may restrict the use of the records and data by the affiliate if
- 12 the affiliate is not operating the insurer's business.
- 13 c. In the event of the affiliate's default under a lease or other agreement,
- 14 secure a waiver of any landlord lien or other encumbrance to provide
- 15 the insurer access to all records and data.

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

20 (b) The following transactions involving a domestic insurer and any person in its holding  
 21 company system, including amendments or modifications of affiliated agreements that were  
 22 previously filed pursuant to this section and that are subject to any materiality standards contained  
 23 in ~~subdivision (1) through (7) of this section~~ subdivisions (1) through (6) of this subsection, may  
 24 not be entered into unless the insurer has notified the Commissioner in writing of its intention to  
 25 enter into the transaction at least 30 days before the transaction, or ~~such a~~ a shorter period as the  
 26 Commissioner permits, and the Commissioner has not disapproved it within that period. The  
 27 notice for amendments or modifications shall include the reason for the change and the financial  
 28 impact on the domestic insurer. Informal notice shall be given to the Commissioner, within 30  
 29 days after termination of a previously filed agreement, so that the Commissioner may determine  
 30 the type of filing required, if any. An insurer required to give notice of a proposed transaction  
 31 pursuant to this subsection shall furnish the required information on a Form D, as prescribed by  
 32 the Commissioner:

33 ...  
 34 (4) All management agreements, service contracts, tax allocation agreements, or  
 35 cost-sharing ~~arrangements. Management agreements, service contracts, and~~  
 36 ~~cost-sharing arrangements shall at a minimum and shall~~, as applicable:  
 37 ...

- 38 f. Define ~~books and records~~ books and records and data of the insurer to include all books  
 39 and records information developed or maintained under or related to  
 40 the ~~agreement~~ contract or agreement that are otherwise the property of  
 41 the insurer. The definition of records and data shall include claims and  
 42 claim files, policyholder lists, application files, litigation files,  
 43 premium records, rate books, underwriting manuals, personnel  
 44 records, financial records, or similar information within the  
 45 possession, custody, or control of the affiliate.
- 46 g. Specify that all ~~books and records~~ books and records and data of the ~~insurer are and~~  
 47 insurer: (i) remain the property of the ~~insurer and are subject to the~~  
 48 control of the ~~insurer.~~ insurer, (ii) are subject to the control of the  
 49 insurer, and (iii) must, at no additional cost to the insurer, be held in a  
 50 manner that ensures that the records and data controlled by the insurer

- 1                    are identifiable and segregated, or readily capable of segregation, from  
2                    all other persons' records and data.  
3                    ...  
4                    i.        Include standards for termination of the contract or agreement with  
5                    and without cause.  
6                    j.        Include provisions for indemnification of the ~~insurer~~ insurer: (i) in the  
7                    event of gross negligence or willful misconduct on the part of the  
8                    affiliate providing the ~~services~~ services or (ii) if the affiliate violates  
9                    the terms required by sub-subdivisions k. through o. of this  
10                    subdivision.  
11                    k.        Specify that, if the insurer is placed in supervision, conservatorship, or  
12                    receivership or seized by the Commissioner under Article 30 of this  
13                    Chapter:  
14                    1.        All of the rights of the insurer under the contract or agreement  
15                    extend to the ~~receiver~~ receiver, conservator, or Commissioner.  
16                    2.        All ~~books and records will immediately be made available to~~  
17                    ~~the receiver or the Commissioner and shall be turned over to~~  
18                    ~~the receiver or Commissioner immediately upon the receiver's~~  
19                    ~~or the Commissioner's request and data of the insurer shall, at~~  
20                    no additional cost to the receiver or Commissioner, be  
21                    identifiable and segregated, or readily capable of segregation,  
22                    from all other persons' records and data.  
23                    3.        All records and data of the insurer shall be turned over to the  
24                    receiver or Commissioner immediately upon the receiver's or  
25                    the Commissioner's request. The records and data shall be  
26                    turned over in a usable format, and the cost to transfer the  
27                    records and data to the receiver or the Commissioner shall be  
28                    fair and reasonable.  
29                    4.        At the direction of the receiver or Commissioner, the affiliate  
30                    shall make available all employees required to maintain the  
31                    continued performance of operations or services of the insurer  
32                    deemed essential by the receiver or Commissioner.  
33                    l.        Specify that the affiliate has no automatic right to terminate the  
34                    agreement if the insurer is placed in ~~receivership~~ pursuant to  
35                    supervision, conservatorship, or receivership, or seized by the  
36                    Commissioner under Article 30 of this Chapter.  
37                    m.        Specify ~~that the affiliate will continue to maintain any systems,~~  
38                    ~~programs, or other infrastructure notwithstanding a seizure by the~~  
39                    ~~Commissioner under Article 30 of this Chapter, and will make them~~  
40                    ~~available to the receiver, for so long as the affiliate continues to receive~~  
41                    ~~timely payment for services rendered.~~ all of the following with respect  
42                    to the performance of services after termination of the contract or  
43                    agreement if the insurer is placed in supervision, conservatorship,  
44                    receivership, or seized by the Commissioner under Article 30 of this  
45                    Chapter.  
46                    1.        That the affiliate shall, at the direction of the conservator or  
47                    Commissioner, provide services deemed essential after  
48                    termination of the contract or agreement.  
49                    2.        That the contract or agreement shall specify the minimum  
50                    period of time essential services shall be performed after the  
51                    termination of the contract or agreement.





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

4 **SECTION 5.** G.S. 58-30-1 reads as rewritten:

5 **"§ 58-30-1. Construction and purpose.**

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

9 ...."

10  
11 **PART VI. CHANGES RELATED TO THE ADMINISTRATION OF WORKERS'**  
12 **COMPENSATION LARGE DEDUCTIBLE POLICIES AND INSURED COLLATERAL**  
13 **IN LIQUIDATION PROCEEDINGS**

14 **SECTION 6.(a)** Article 30 of Chapter 58 of the General Statutes is amended by  
15 adding a new section to read:

16 **"§ 58-30-262. Administration of large deductible policies and insured collateral.**

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

18 (1) Association. – As defined in G.S. 58-48-20.

19 (2) Collateral. – Any cash, letters of credit, surety bond, or any other form of  
20 security posted by or on behalf of the insured or any person to secure the  
21 obligation of the insured under the large deductible policy to pay deductible  
22 claims or to reimburse the insurer for deductible claim payments. Collateral  
23 may also secure an insured's obligation to reimburse or pay to the insurer as  
24 may be required for other secured obligations.

25 (3) Commercially reasonable. – To act in good faith using prevailing industry  
26 practices and making all reasonable efforts considering the facts and  
27 circumstances of the matter.

28 (4) Deductible claim. – Any claim, including a claim for loss and defense and cost  
29 containment expense, unless those expenses are excluded, under a large  
30 deductible policy that is within the deductible.

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

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

36 1. Pay directly the initial portion of any claim under the policy up  
37 to a specified dollar amount, or the expenses related to any  
38 claim.

39 2. Reimburse the insurer for its payment of any claim or related  
40 expenses under the policy up to the specified dollar amount of  
41 the deductible.

42 b. Any policy which contains an aggregate limit on the insured's liability  
43 for all deductible claims in addition to a per claim deductible limit.  
44 The primary purpose and distinguishing characteristic of a large  
45 deductible policy is the shifting of a portion of the ultimate financial  
46 responsibility under the large deductible policy to pay claims from the  
47 insurer to the insured, even though the obligation to initially pay  
48 claims may remain with the insurer.

49 c. Any policy with a deductible of one hundred thousand dollars  
50 (\$100,000) or greater.

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

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

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

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

20 (d) Handling of Large Deductible Claims. – Large deductible policies shall be  
21 administered in accordance with their terms, except to the extent those terms conflict with this  
22 section. All large deductible claims resulting from the handling or administration of one or more  
23 covered claims of a claimant as defined by G.S. 58-48-20 or the applicable guaranty laws of a  
24 foreign guaranty association, including those that may have been funded by an insured before  
25 liquidation, shall be turned over to the Association for handling and administration or shall be  
26 turned over to the foreign guaranty association in the state where the claim is pending for  
27 handling and administration. To the extent the insured funds or pays the deductible claim,  
28 pursuant to an agreement with the Association or a foreign guaranty association or otherwise, the  
29 funding or payment of a deductible claim directly or to the Association or a foreign guaranty  
30 association by or on behalf of the insured will extinguish the obligations, if any, of the liquidator,  
31 the Association, or the foreign guaranty association to pay the claim. No charge or claim of any  
32 kind shall be made against the liquidator, the Association, or a foreign guaranty association on  
33 the basis of the funding or payment of a deductible claim by or on behalf of an insured.

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

35 (1) To the extent the Association or a foreign guaranty association pays any  
36 deductible claim for which the insurer would have been entitled to  
37 reimbursement from the insured, the Association or foreign guaranty  
38 association shall be entitled to the full amount of the reimbursement and  
39 available collateral as provided for under this section to the extent necessary  
40 to reimburse the Association or the foreign guaranty association.  
41 Reimbursements paid to the Association or to a foreign guaranty association  
42 pursuant to this subdivision shall not be included in any proposal submitted to  
43 the court to disburse assets under G.S. 58-30-180 in any report submitted to  
44 the court under G.S. 58-30-225, or as any distribution of assets by the  
45 liquidator in the domiciliary state.

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

- 1           (3)    Nothing in this subsection limits any rights of the Association or a foreign  
2           guaranty association that may otherwise arise or exist under applicable law to  
3           obtain reimbursement from insureds for claim payments made by the  
4           Association or the foreign guaranty association under policies of the insurer  
5           or for the Association's or foreign guaranty association's related expenses,  
6           including without limitation, those rights arising under G.S. 58-48-35 and  
7           G.S. 58-48-50, or those arising or existing under similar laws of other states.
- 8       (f)    Collections. –
- 9           (1)    Unless otherwise agreed to with the liquidator of the insurer in this State or  
10          the domiciliary state, the Association or a foreign guaranty association shall  
11          collect reimbursements owed for deductible claims as provided for herein and  
12          shall take all commercially reasonable actions to collect those  
13          reimbursements. The Association or a foreign guaranty association shall  
14          promptly bill insureds for reimbursement of covered claims paid by the  
15          Association or a foreign guaranty association. The liquidator of the insurer in  
16          this State or the domiciliary state shall have the obligation to collect all other  
17          reimbursements owed for deductible claims and shall promptly bill insureds  
18          or the other responsible persons for reimbursement of deductible claims (i)  
19          paid by the insurer prior to liquidation or (ii) paid by the liquidator.
- 20          (2)    If the insured does not make payment within the time specified in the large  
21          deductible policy, or within 60 days after the date of billing if no time is  
22          specified, the liquidator, the Association, or a foreign guaranty association  
23          shall take all commercially reasonable actions to collect any reimbursements  
24          owed.
- 25          (3)    Neither the insolvency of the insurer, nor its inability to perform any of its  
26          obligations under the large deductible policy, shall be a defense to the  
27          insured's reimbursement obligations under the large deductible policy.
- 28          (4)    Allegations of improper handling or excessive or wrongful payment of a  
29          deductible claim by the insurer, by the liquidator of the insurer in this State or  
30          the domiciliary state, or by the Association or foreign guaranty association  
31          shall not be a defense to the insured's reimbursement obligations under the  
32          large deductible policy.
- 33          (5)    The liquidator of the insurer in this State or the domiciliary state is entitled to  
34          recover through billings to the insured all reasonable expenses incurred in  
35          fulfilling the liquidator's collection obligations pursuant to subdivision (1) of  
36          this subsection.
- 37       (g)    Collateral. –
- 38          (1)    Subject to the provisions of this subsection and the rights of the Association  
39          or a foreign guaranty association, the liquidator of the insurer in this State or  
40          the domiciliary state shall utilize collateral, when available, to secure the  
41          obligation of the insured to fund or reimburse deductible claims or other  
42          secured obligations. The Association or a foreign guaranty association shall  
43          be entitled to all collateral as provided for in this subsection to the extent  
44          needed to reimburse the Association or a foreign guaranty association for the  
45          payment of deductible claims. Any distributions made to the Association or  
46          to a foreign guaranty association pursuant to this subsection shall not be  
47          included in any proposal submitted by the liquidator to the court to disburse  
48          assets under G.S. 58-30-180, or in any report submitted to the court under  
49          G.S. 58-30-225, or as any distribution of assets in the domiciliary state.
- 50          (2)    All claims against the collateral shall be paid in the order received, and no  
51          claim of the liquidator of the insurer in this State or the domiciliary state,

1 including those described in or arising under this subsection, shall supersede  
 2 or take priority over any other claim against the collateral made by the  
 3 Association or a foreign guaranty association. However, to the extent that the  
 4 collateral is subject to other known secured obligations, or if more than one  
 5 creditor has a valid claim against the same collateral and the available  
 6 collateral, including future billing and collection efforts, are together  
 7 insufficient to pay each creditor in full, the liquidator of the insurer in this  
 8 State or in the domiciliary state may prorate payments from the proceeds of  
 9 the collateral based on the ratio of the amount of claims each creditor has to  
 10 the sum or all claims of all creditors with claims against the involved  
 11 collateral.

12 (3) The liquidator of the insurer in this State or the domiciliary state shall draw  
 13 down collateral to the extent necessary in the event that the insured fails to do  
 14 any of the following:

- 15 a. Perform its funding or payment obligations under any large deductible  
 16 policy.  
 17 b. Pay deductible claim reimbursements within the time specified in the  
 18 large deductible policy or within 60 days after the date of the billing if  
 19 no time is specified.  
 20 c. Pay amounts due the estate for pre-liquidation obligations.  
 21 d. Timely fund any other secured obligation.  
 22 e. Timely pay expenses.

23 (4) Excess collateral may be returned to the insured as determined by the  
 24 liquidator of the insurer in this State or the domiciliary state after a periodic  
 25 review of claims paid, outstanding case reserves and a factor for incurred but  
 26 not reported claims.

27 (5) This section shall not limit or adversely affect any rights or powers the  
 28 Association or a foreign guaranty association may have pursuant to other  
 29 applicable state law to obtain reimbursement from certain classes of  
 30 policyholders for claims payments made by the Association or a foreign  
 31 guaranty association arising under policies of the insolvent insurer, or for  
 32 related expenses the Association or a foreign guaranty association incurs.

33 (6) Notwithstanding any other provision of this section, if the liquidator of the  
 34 insurer in this State or the domiciliary state and the Association or a foreign  
 35 guaranty association agree that the liquidator will collect reimbursements  
 36 owed for deductible claims, the liquidator is entitled to deduct from the large  
 37 deductible claim collateral or from the deductible reimbursements reasonable  
 38 and actual expenses incurred in connection with the collection of the large  
 39 deductible claim collateral and deductible reimbursements."

40 **SECTION 6.(b)** This section becomes effective October 1, 2023, and applies to  
 41 insurance contracts issued, renewed, or amended on or after that date.

42  
 43 **PART VII. TECHNICAL CORRECTION TO ADD OMITTED WORD TO G.S. 58-33-5**

44 **SECTION 7.** G.S. 58-33-5 reads as rewritten:

45 **"§ 58-33-5. License required.**

46 A person shall not sell, solicit, or negotiate insurance in this State for any kind of insurance  
 47 unless the person is licensed for that line of authority in accordance with this Article."  
 48

49 **PART VIII. AMEND ON-SITE AUDIT REQUIREMENTS FOR THIRD-PARTY**  
 50 **ADMINISTRATORS**

51 **SECTION 8.** G.S. 58-56-26(c) reads as rewritten:

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

## **PART IX. INCREASE OR IMPLEMENT CRIMINAL PENALTIES FOR CERTAIN VIOLATIONS**

**SECTION 9.(a)** G.S. 58-2-161 reads as rewritten:

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

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

...

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

(1) ~~Presents~~Present or ~~causes~~cause to be presented a written or oral statement, including computer-generated documents as part of, in support of, or in opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains false or misleading information concerning any fact or matter material to the ~~claim~~, or claim.

(2) ~~Assists, abets, solicits, or conspires~~Assist, abet, solicit, or conspire with another person to prepare or make any written or oral statement that is intended to be presented to an insurer or insurance claimant in connection with, in support of, or in opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains false or misleading information concerning a fact or matter material to the ~~claim~~claim.

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

...

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

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

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

**SECTION 9.(b)** Article 33A of Chapter 58 of the General Statutes is amended by adding a new section to read:

**"§ 58-33A-93. Criminal penalties.**

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

1           **SECTION 9.(c)** This section becomes effective December 1, 2023, and applies to  
2 offenses committed on or after that date.

3  
4 **PART X. ADDITIONAL CERTIFICATE OF INSURANCE PROHIBITIONS**

5           **SECTION 10.(a)** G.S. 58-3-149 reads as rewritten:

6 "**§ 58-3-149. Certificates of insurance.**

7           ...

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

10           ...

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

12           ...."

13           **SECTION 10.(b)** This section becomes effective October 1, 2023.

14  
15 **PART XI. AUTHORIZE INSURANCE PREMIUM CONVENIENCE FEES**

16           **SECTION 11.(a)** G.S. 58-3-145 reads as rewritten:

17 "**§ 58-3-145. Solicitation, negotiation or payment of premiums on insurance policies.**

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

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

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

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

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

29  
30 **PART XII. INCREASE MINIMUM LIABILITY LIMITS FOR INSURANCE**  
31 **REQUIRED BY THE STATE**

32           **SECTION 12.(a)** G.S. 20-279.1 reads as rewritten:

33 "**§ 20-279.1. Definitions.**

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

37           ...

38           (11) "Proof of financial responsibility": Proof of ability to respond in damages for  
39 liability, on account of accidents occurring subsequent to the effective date of  
40 said proof, arising out of the ownership, maintenance or use of a motor  
41 vehicle, in the amount of ~~thirty thousand dollars (\$30,000)~~ fifty thousand  
42 dollars (\$50,000) because of bodily injury to or death of one person in any one  
43 accident, and, subject to said limit for one person, in the amount of ~~sixty~~  
44 ~~thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000) because  
45 of bodily injury to or death of two or more persons in any one accident, and  
46 in the amount of ~~twenty five thousand dollars (\$25,000)~~ fifty thousand  
47 dollars (\$50,000) because of injury to or destruction of property of others in any one  
48 accident. Nothing contained herein shall prevent an insurer and an insured  
49 from entering into a contract, not affecting third parties, providing for a  
50 deductible as to property damage at a rate approved by the Commissioner of  
51 Insurance.

1           ...."

2           **SECTION 12.(b)** G.S. 20-279.5 reads as rewritten:

3       "**§ 20-279.5. Security required unless evidence of insurance; when security determined;**  
4           **suspension; exceptions.**

5           ...

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

7           ...

8           No such policy or bond shall be effective under this section unless issued by an insurance  
9           company or surety company authorized to do business in this State, except that if such motor  
10          vehicle was not registered in this State, or was a motor vehicle which was registered elsewhere  
11          than in this State at the effective date of the policy or bond, or the most recent renewal thereof,  
12          or if such operator not an owner was a nonresident of this State, such policy or bond shall not be  
13          effective under this section unless the insurance company or surety company if not authorized to  
14          do business in this State shall execute a power of attorney authorizing the Commissioner to accept  
15          service on its behalf of notice or process in any action upon such policy, or bond arising out of  
16          such accident, and unless said insurance company or surety company, if not authorized to do  
17          business in this State, is authorized to do business in the state or other jurisdiction where the  
18          motor vehicle is registered or, if such policy or bond is filed on behalf of an operator not an owner  
19          who was a nonresident of this State, unless said insurance company or surety company, if not  
20          authorized to do business in this State, is authorized to do business in the state or other jurisdiction  
21          of residence of such operator; provided, however, every such policy or bond is subject, if the  
22          accident has resulted in bodily injury or death, to a limit, exclusive of interest and cost, of not  
23          less than ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) because of bodily  
24          injury to or death of one person in any one accident and, subject to said limit for one person, to  
25          a limit of not less than ~~sixty thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000)  
26          because of bodily injury to or death of two or more persons in any one accident, and, if the  
27          accident has resulted in injury to or destruction of property, to a limit of not less than ~~twenty-five~~  
28          ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction of  
29          property of others in any one accident."

30          **SECTION 12.(c)** G.S. 20-279.15 reads as rewritten:

31       "**§ 20-279.15. Payment sufficient to satisfy requirements.**

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

- 34           (1) When ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) has  
35           been credited upon any judgment or judgments rendered in excess of that  
36           amount because of bodily injury to or death of one person as the result of any  
37           one accident; or  
38           (2) When, subject to such limit of ~~thirty thousand dollars (\$30,000)~~ sixty thousand  
39           dollars (\$60,000) because of bodily injury to or death of one person, the sum  
40           of ~~sixty thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000)  
41           has been credited upon any judgment or judgments rendered in excess of that  
42           amount because of bodily injury to or death of two or more persons as the  
43           result of any one accident; or  
44           (3) When ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000)  
45           has been credited upon any judgment or judgments rendered in excess of that  
46           amount because of injury to or destruction of property of others as a result of  
47           any one accident;

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

51          **SECTION 12.(d)** G.S. 20-279.21(b)(2) reads as rewritten:



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

**SECTION 12.(e)** G.S. 20-281 reads as rewritten:

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

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

**SECTION 12.(f)** G.S. 58-37-35 reads as rewritten:

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

...

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

- (1) For the following coverages of motor vehicle insurance and in at least the following amounts of insurance:
  - a. Bodily injury liability: ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) each person, ~~sixty thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000) each accident;
  - b. Property damage liability: ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) each accident;
  - c. Medical payments: one thousand dollars (\$1,000) each person; except that this coverage shall not be available for motorcycles or mopeds;

- 1                   d.       Uninsured motorist: ~~thirty thousand dollars (\$30,000)~~ fifty thousand
- 2                                   dollars (\$50,000) each person; ~~sixty thousand dollars (\$60,000)~~ one
- 3                                   hundred thousand dollars (\$100,000) each accident for bodily injury;
- 4                                   ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars
- 5                                   (\$50,000) each accident property damage (one hundred dollars
- 6                                   (\$100.00) deductible);
- 7                   e.       Any other motor vehicle insurance or financial responsibility limits in
- 8                                   the amounts required by any federal law or federal agency regulation;
- 9                                   by any law of this State; or by any rule duly adopted under Chapter
- 10                                  150B of the General Statutes or by the North Carolina Utilities
- 11                                  Commission.

12                   ...."

13                   **SECTION 12.(g)** This section becomes effective October 1, 2025, and applies to  
14 policies issued, amended, or renewed on or after that date.

15  
16 **PART XIII. EFFECTIVE DATE**

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