

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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SENATE BILL 452  
Commerce and Insurance Committee Substitute Adopted 4/25/23  
Judiciary Committee Substitute Adopted 4/26/23  
House Committee Substitute Favorable 6/21/23  
House Committee Substitute #2 Favorable 6/28/23  
Proposed Conference Committee Substitute S452-PCCS45372-TU-2

Short Title: DOI & Ins Law Amd/Revise HS Athletics. (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, TO AMEND THE INSURANCE RATE-MAKING LAWS, AND TO  
4 REVISE HIGH SCHOOL INTERSCHOLASTIC ATHLETICS.

5 The General Assembly of North Carolina enacts:

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

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

9 **"§ 58-21-10. Definitions.**

10 As used in this Article:

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



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- 1 (4) ~~"Export" means to Export.~~ – To place surplus lines insurance with a  
 2 nonadmitted domestic surplus lines insurer or a nonadmitted insurer.
- 3 (4a) ~~"Nonadmitted domestic surplus lines insurer" means an Nonadmitted~~  
 4 ~~domestic surplus lines insurer.~~ – An insurer that is domiciled in and authorized  
 5 pursuant to G.S. 58-21-21 to transact surplus lines insurance in this State.
- 6 (5) ~~"Nonadmitted insurer" means an Nonadmitted insurer.~~ – An insurer not  
 7 licensed to do an insurance business in this State. "Nonadmitted insurer"  
 8 includes insurance exchanges authorized under the laws of various states.  
 9 "Nonadmitted insurer" does not include a risk retention group, as defined in  
 10 G.S. 58-22-10(10).
- 11 (6) ~~"Producing broker" means an Producing broker.~~ – An insurance producer  
 12 licensed under Article 33 of this Chapter who deals directly with the party  
 13 seeking insurance and who may also be a surplus lines licensee.
- 14 (6a) ~~"Salary protection insurance" means insurance~~ Salary protection insurance. –  
 15 Insurance against financial loss caused by the cessation of earned income  
 16 because of disability from sickness, ailment, or bodily injury.
- 17 (7) ~~"Surplus", as Surplus.~~ – As used in the financial requirements of  
 18 G.S. 58-21-20, means includes funds over and above liabilities and capital of  
 19 the company for the protection of policyholders.
- 20 (8) ~~"Surplus lines insurance" means any Surplus lines insurance.~~ – Any insurance  
 21 in this State of risks resident, located, or to be performed in this State,  
 22 permitted to be placed through a surplus lines licensee with a nonadmitted  
 23 domestic surplus lines insurer or a nonadmitted insurer eligible to accept ~~such~~  
 24 that insurance, including salary protection insurance. The term does not  
 25 include ~~reinsurance, commercial aircraft insurance, wet marine and~~  
 26 ~~transportation insurance, insurance independently procured pursuant to~~  
 27 ~~G.S. 58-28-5, life and accident or health insurance, and annuities.~~ any of the  
 28 following:
- 29 a. Reinsurance.
- 30 b. Commercial aircraft insurance.
- 31 c. Insurance of property and operations of railroads engaged in interstate  
 32 or foreign commerce.
- 33 d. Wet marine and transportation insurance.
- 34 e. Insurance independently procured pursuant to G.S. 58-28-5.
- 35 f. Life and accident or health insurance, and annuities.
- 36 g. Personal and commercial automobile liability insurance required to be  
 37 written by licensed insurers pursuant to G.S. 58-37-5, excluding  
 38 excess automobile liability insurance.
- 39 (9) ~~"Surplus lines licensee" means a Surplus lines licensee.~~ – A person licensed  
 40 under G.S. 58-21-65 to place insurance on risks resident, located, or to be  
 41 performed in this State with a nonadmitted domestic surplus lines insurer or  
 42 with nonadmitted insurers eligible to accept ~~such that~~ insurance.
- 43 (10) ~~"Wet marine and transportation insurance" means any Wet marine and~~  
 44 ~~transportation insurance.~~ – Includes any of the following:
- 45 ...
- 46 e. Ocean marine insurance, as defined in G.S. 58-48-20."

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

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

50 ...

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

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

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

(1) For risk purchasing groups, at the same time the licensee files a quarterly report with the Commissioner.

(2) For surplus lines insurers receiving invoices issued by the North Carolina Surplus Lines Stamping Office SLIP system, 30 days after the end of each quarter."

## **PART II. TECHNICAL CORRECTION TO REFLECT COMPENDIUM NAME CHANGE**

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

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

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

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

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

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

## **PART III. CHANGES RELATED TO THE INSURANCE GUARANTY ACT**

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

(4) ~~"Covered claim" means an Covered claim. – An~~ unpaid claim, including one of unearned premiums, which is in excess of fifty dollars (\$50.00) and arises out of and is within the coverage and not in excess of the applicable limits of an insurance policy to which this Article applies as issued by an insurer, if

1 ~~such that~~ insurer becomes an insolvent insurer after the effective date of this  
 2 Article and (i) the claimant or insured is a resident of this State at the time of  
 3 the insured event; or (ii) the property from which the claim arises is  
 4 permanently located in this State. "Covered claim" shall not include any  
 5 amount awarded (i) as punitive or exemplary damages; (ii) sought as a return  
 6 of premium under any retrospective rating plan; or (iii) due any reinsurer,  
 7 insurer, insurance pool, or underwriting association, as subrogation or  
 8 contribution recoveries or otherwise. "Covered claim" also shall not include  
 9 fines or penalties, including ~~attorneys~~ attorneys' fees, imposed against an  
 10 insolvent insurer or its insured or claims of any claimant whose net worth  
 11 exceeds fifty million dollars (\$50,000,000) on December 31 of the year  
 12 preceding the date the insurer becomes insolvent.

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

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

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

30 (7a) ~~"Ocean marine insurance" includes Ocean marine insurance. – Includes:~~ (i)  
 31 marine insurance as defined in G.S. 58-7-15(20)a., except for inland marine,  
 32 (ii) marine protection and indemnity insurance as defined in G.S. 58-7-15(21),  
 33 and (iii) any other form of insurance, regardless of the name, label, or  
 34 marketing designation of the insurance policy, which insures against maritime  
 35 perils or risks and other related perils or risks, which are usually insured by  
 36 traditional marine insurance such as hull and machinery, marine builders'  
 37 risks, and marine protection and indemnity. The perils and risks insured  
 38 against include loss, damage, or expense, or legal liability of the insured for  
 39 loss, damage, or expense, arising out of, or incident to, ownership, operation,  
 40 chartering, maintenance, use, repair, or construction of any vessel, craft, or  
 41 instrumentality in use in ocean or inland waterways, including liability of the  
 42 insured for personal injury, illness, death, or for loss or damage to the property  
 43 of the insured or another person. "Ocean marine insurance" does not include  
 44 insurance on vessels or vehicles under five tons gross weight.

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

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

50 (10) ~~"Resident" means:~~ Resident. – Includes all of the following:  
 51 ...."

**SECTION 3.(b)** G.S. 58-48-35(a)(1) reads as rewritten:

"(a) The Association shall:

(1) Be obligated to the extent of the covered claims existing prior to the determination of insolvency and arising within 30 days after the determination of insolvency, or before the policy expiration date if less than 30 days after the determination, or before the insured replaces the policy or causes its cancellation, if he does so within 30 days of the determination. This obligation includes only the amount of each covered claim that is in excess of fifty dollars (\$50.00) and is less than ~~three hundred thousand dollars (\$300,000)~~ five hundred thousand dollars (\$500,000). However, the Association shall pay the full amount of a covered claim for benefits under a workers' compensation insurance coverage, and shall pay an amount not exceeding ten thousand 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 information within the possession, custody, or control of the affiliate. An affiliate holding the records and data of an insurer shall do all of the following:

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

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

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

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

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

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

...  
f. Define ~~books and records~~ and data of the insurer to include all ~~books and records~~ information developed or maintained under or related to the ~~agreement~~ contract or agreement that are otherwise the property of

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

1 to the performance of services after termination of the contract or  
 2 agreement if the insurer is placed in supervision, conservatorship,  
 3 receivership, or seized by the Commissioner under Article 30 of this  
 4 Chapter.

5 1. That the affiliate shall, at the direction of the conservator or  
 6 Commissioner, provide services deemed essential after  
 7 termination of the contract or agreement.

8 2. That the contract or agreement shall specify the minimum  
 9 period of time essential services shall be performed after the  
 10 termination of the contract or agreement.

11 3. That, until the insured is released by the receiver,  
 12 Commissioner, or a court order, performance of essential  
 13 services after the termination of the contract or agreement shall  
 14 be provided without regard to pre-receivership unpaid fees, if  
 15 the affiliate continues to receive timely payment for  
 16 post-receivership services rendered.

17 n. Specify that, if the insurer is placed in supervision, conservatorship,  
 18 receivership, or seized by the Commissioner under Article 30 of this  
 19 Chapter, the affiliate will do all of the following:

20 1. Maintain any systems, programs, or other infrastructure  
 21 necessary to the performance of the contract or agreement.

22 2. Until the insured is released by the receiver, Commissioner, or  
 23 a court order, make any systems, programs, or other  
 24 infrastructure necessary to the performance of the contract or  
 25 agreement available to the receiver or Commissioner, if the  
 26 affiliate continues to receive timely payment for  
 27 post-receivership services rendered.

28 o. Specify that, if the insurer is placed into receivership pursuant to  
 29 Article 30 of this Chapter and portions of the insurer's policies or  
 30 contracts are eligible for coverage by one or more guaranty  
 31 associations, then, subject to the receiver's authority over the insurer,  
 32 the affiliate's commitments under sub-subdivisions k. through n. of  
 33 this subdivision will extend to the affected guaranty associations.

34 ...

35 Nothing in this section authorizes or permits any transactions that, in the case of an insurer,  
 36 not a member of the same insurance holding company system, would be otherwise contrary to  
 37 law. A domestic insurer may not enter into transactions that are part of a plan or series of like  
 38 transactions with persons within the insurance holding company system if the purpose of those  
 39 separate transactions is to avoid the statutory threshold amount and thus avoid the review that  
 40 would otherwise occur. If the Commissioner determines that such separate transactions were  
 41 entered into over any 12-month period for that purpose, the Commissioner may exercise the  
 42 Commissioner's authority under G.S. 58-19-50. The Commissioner, in reviewing transactions  
 43 pursuant to this subsection, shall consider whether the transactions comply with the standards set  
 44 forth in subsection (a) of this section and whether they may adversely affect the interests of  
 45 policyholders. The Commissioner shall be notified within 30 days after any investment of a  
 46 domestic insurer in any one corporation if, as a result of the investment, the total investment in  
 47 the corporation by the insurance holding company system exceeds ten percent (10%) of the  
 48 corporation's voting securities.

49 ...

50 (d) For the purposes of this Article, in determining whether an insurer's surplus as regards  
 51 policyholders is reasonable in relation to the insurer's outstanding liabilities and adequate to its



1 financial needs, the factors set forth in subdivisions (1) through (11) of this subsection, among  
2 others, shall be considered. In determining the adequacy of an insurer's surplus, no single factor  
3 is controlling. The Commissioner will consider the net effect of all of the factors in subdivisions  
4 (1) through (11) of this subsection, plus other factors bearing on the financial condition of the  
5 insurer. The factors are:

6 ...

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

14 (1) The services are an integral part of the insurer's operations, including  
15 management, administrative, accounting, data processing, marketing,  
16 underwriting, claims handling, investment, or any other similar functions.

17 (2) The services are essential to the insurer's ability to fulfill its obligations  
18 under insurance policies.

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

22 **SECTION 4.(b)** This section becomes effective October 1, 2023, and applies to  
23 contracts issued, renewed, or amended on or after that date.

24  
25 **PART V. TECHNICAL CORRECTION TO REFLECT REPEAL OF PART 2 OF**  
26 **ARTICLE 38 AND ENACTMENT OF ARTICLE 38A OF CHAPTER 1 OF THE**  
27 **GENERAL STATUTES**

28 **SECTION 5.** G.S. 58-30-1(a) reads as rewritten:

29 "(a) This Article does not limit powers granted to the Commissioner by any other  
30 provision of law. To the extent practicable, the Commissioner may supplement the provisions of  
31 this Article with those of ~~Part 2 of Article 38~~ Article 38A of Chapter 1 of the General Statutes."  
32

33 **PART VI. CHANGES RELATED TO THE ADMINISTRATION OF WORKERS'**  
34 **COMPENSATION LARGE DEDUCTIBLE POLICIES AND INSURED COLLATERAL**  
35 **IN LIQUIDATION PROCEEDINGS**

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

38 **"§ 58-30-262. Administration of large deductible policies and insured collateral.**

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

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

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

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

- 1           (4)   Deductible claim. – Any claim, including a claim for loss and defense and cost  
2           containment expense, unless those expenses are excluded, under a large  
3           deductible policy that is within the deductible.
- 4           (5)   Large deductible policy. – Includes any of the following:
- 5           a.     A combination of one or more workers' compensation policies and  
6           endorsements issued to an insured and contracts or security  
7           agreements entered into between the insurer and the insured in which  
8           the insured has agreed with the insurer to do either of the following:
- 9                 1.     Pay directly the initial portion of any claim under the policy up  
10                to a specified dollar amount, or the expenses related to any  
11                claim.
- 12                2.     Reimburse the insurer for its payment of any claim or related  
13                expenses under the policy up to the specified dollar amount of  
14                the deductible.
- 15           b.     Any policy which contains an aggregate limit on the insured's liability  
16           for all deductible claims in addition to a per claim deductible limit.  
17           The primary purpose and distinguishing characteristic of a large  
18           deductible policy is the shifting of a portion of the ultimate financial  
19           responsibility under the large deductible policy to pay claims from the  
20           insurer to the insured, even though the obligation to initially pay  
21           claims may remain with the insurer.
- 22           c.     Any policy with a deductible of one hundred thousand dollars  
23           (\$100,000) or greater.
- 24           "Large deductible policy" does not include: (i) policies, endorsements, or  
25           agreements which provide that the initial portion of any covered claim shall  
26           be self-insured and further that the insurer shall have no payment obligation  
27           within the self-insured retention or (ii) policies that provide for retrospectively  
28           rated premium payments by the insured or reinsurance arrangements or  
29           agreements, except to the extent that those arrangements assume, secure, or  
30           pay the large deductible obligations of an insured.
- 31           (6)   Other secured obligations. – Obligations of an insured to an insurer other than  
32           those under or resulting from a large deductible policy, such as those under a  
33           reinsurance agreement or other agreement involving retrospective premium  
34           obligations the performance of which is secured by collateral that also secures  
35           obligations of an insured under a large deductible policy.
- 36           (b)   Applicability. – This section shall apply to workers' compensation large deductible  
37           policies insuring workers' compensation liabilities under the Workers' Compensation Act of this  
38           State issued by an insurer subject to an order of liquidation as set forth in G.S. 58-30-105 that  
39           has become final in the state of entry, whether the liquidation order is entered in this State or in  
40           a reciprocal state.
- 41           (c)   Exceptions. – This section shall not apply to claims funded by the Association or a  
42           foreign guaranty association net of the deductible unless subsection (d) of this section applies.
- 43           (d)   Handling of Large Deductible Claims. – Large deductible policies shall be  
44           administered in accordance with their terms, except to the extent those terms conflict with this  
45           section. All large deductible claims resulting from the handling or administration of one or more  
46           covered claims of a claimant as defined by G.S. 58-48-20 or the applicable guaranty laws of a  
47           foreign guaranty association, including those that may have been funded by an insured before  
48           liquidation, shall be turned over to the Association for handling and administration or shall be  
49           turned over to the foreign guaranty association in the state where the claim is pending for  
50           handling and administration. To the extent the insured funds or pays the deductible claim,  
51           pursuant to an agreement with the Association or a foreign guaranty association or otherwise, the

1 funding or payment of a deductible claim directly or to the Association or a foreign guaranty  
2 association by or on behalf of the insured will extinguish the obligations, if any, of the liquidator,  
3 the Association, or the foreign guaranty association to pay the claim. No charge or claim of any  
4 kind shall be made against the liquidator, the Association, or a foreign guaranty association on  
5 the basis of the funding or payment of a deductible claim by or on behalf of an insured.

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

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

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

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

31 (f) Collections. –

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

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

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

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

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

7           (6) Notwithstanding any other provision of this section, if the liquidator of the  
 8           insurer in this State or the domiciliary state and the Association or a foreign  
 9           guaranty association agree that the liquidator will collect reimbursements  
 10           owed for deductible claims, the liquidator is entitled to deduct from the large  
 11           deductible claim collateral or from the deductible reimbursements reasonable  
 12           and actual expenses incurred in connection with the collection of the large  
 13           deductible claim collateral and deductible reimbursements."

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

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

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

19           "**§ 58-33-5. License required.**

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

## 23 **PART VIII. AMEND ON-SITE AUDIT REQUIREMENTS FOR THIRD-PARTY** 24 **ADMINISTRATORS**

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

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

## 37 **PART IX. INCREASE OR IMPLEMENT CRIMINAL PENALTIES FOR CERTAIN** 38 **VIOLATIONS**

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

40           "**§ 58-2-161. False statement to procure or deny benefit of insurance policy or certificate.**

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

42           ...

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

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

50           (2) ~~Assists, abets, solicits, or conspires-~~ Assist, abet, solicit, or conspire with  
 51 another person to prepare or make any written or oral statement that is

1 intended to be presented to an insurer or insurance claimant in connection  
 2 with, in support of, or in opposition to, a claim for payment or other benefit  
 3 pursuant to an insurance policy, knowing that the statement contains false or  
 4 misleading information concerning a fact or matter material to the ~~claim~~claim.  
 5 ~~is guilty of a Class H felony.~~ Each claim shall be considered a separate count. Upon conviction,  
 6 if the court imposes probation, the court may order the defendant to pay restitution as a condition  
 7 of probation. In determination of the amount of restitution pursuant to G.S. 15A-1343(d), the  
 8 reasonable costs and attorneys' fees incurred by the victim in the investigation of, and efforts to  
 9 recover damages arising from, the claim, may be considered part of the damage caused by the  
 10 defendant arising out of the offense.

11 In a civil cause of action for recovery based upon a claim for which a defendant has been  
 12 convicted under this section, the conviction may be entered into evidence against the defendant.  
 13 The court may award the prevailing party compensatory damages, attorneys' fees, costs, and  
 14 reasonable investigative costs. If the prevailing party can demonstrate that the defendant has  
 15 engaged in a pattern of violations of this section, the court may award treble damages.

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

- 17 (1) If the amount of the claim for payment or other benefit is less than one hundred  
 18 thousand dollars (\$100,000), a violation shall be punishable as a Class H  
 19 felony.  
 20 (2) If the amount of the claim for payment or other benefit is one hundred  
 21 thousand dollars (\$100,000) or more, a violation shall be punishable as a Class  
 22 C felony."

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

25 "**§ 58-33A-93. Criminal penalties.**

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

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

## 31 **PART X. ADDITIONAL CERTIFICATE OF INSURANCE PROHIBITIONS**

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

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

35 ...

- 36 (4) Includes information not contained in the underlying insurance policy."

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

## 38 **PART XI. AUTHORIZE INSURANCE PREMIUM CONVENIENCE FEES**

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

40 "**§ 58-3-145. Solicitation, negotiation or payment of premiums on insurance policies.**

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

- 44 (1) ~~The insurer or insurance producer complies with the prohibition against unfair~~  
 45 ~~discrimination contained in G.S. 58-63-15(7).~~  
 46 (2) ~~The insurer pays the fees charged by the credit card company or debit card~~  
 47 ~~issuer for the payment of premiums by credit card or debit card.~~

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

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

5  
 6       **PART XII. INCREASE MINIMUM LIABILITY LIMITS FOR INSURANCE**  
 7 **REQUIRED BY THE STATE AND CHANGE THE MANNER OF CALCULATING THE**  
 8 **TOTAL APPLICABLE AMOUNT OF UNDERINSURANCE COVERAGE**

9               **SECTION 12.(a)** G.S. 20-279.1(11) reads as rewritten:

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

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

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

26       ...

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

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

50       "**§ 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)~~ fifty thousand  
8 dollars (\$50,000) 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 12.(d)** G.S. 20-279.21(b) reads as rewritten:

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

- 22 ...  
23 (2) Shall insure the person named therein and any other person, as insured, using  
24 any such motor vehicle or motor vehicles with the express or implied  
25 permission of such named insured, or any other persons in lawful possession,  
26 against loss from the liability imposed by law for damages arising out of the  
27 ownership, maintenance or use of such motor vehicle or motor vehicles within  
28 the United States of America or the Dominion of Canada subject to limits  
29 exclusive of interest and costs, with respect to each such motor vehicle, as  
30 follows: ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000)  
31 because of bodily injury to or death of one person in any one accident and,  
32 subject to said limit for one person, ~~sixty thousand dollars (\$60,000)~~ one  
33 hundred thousand dollars (\$100,000) because of bodily injury to or death of  
34 two or more persons in any one accident, and ~~twenty five thousand dollars~~  
35 ~~(\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction  
36 of property of others in any one accident; and  
37 (3) No policy of bodily injury liability insurance, covering liability arising out of  
38 the ownership, maintenance, or use of any motor vehicle, shall be delivered  
39 or issued for delivery in this State with respect to any motor vehicle registered  
40 or principally garaged in this State unless coverage is provided therein or  
41 supplemental thereto, under provisions filed with and approved by the  
42 Commissioner of Insurance, for the protection of persons insured thereunder  
43 who are legally entitled to recover damages from owners or operators of  
44 uninsured motor vehicles and hit-and-run motor vehicles because of bodily  
45 injury, sickness or disease, including death, resulting therefrom. The limits of  
46 such uninsured motorist bodily injury coverage shall be equal to the highest  
47 limits of bodily injury liability coverage for any one vehicle insured under the  
48 policy; provided, however, that (i) the limits shall not exceed one million  
49 dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per  
50 accident regardless of whether the highest limits of bodily injury liability  
51 coverage for any one vehicle insured under the policy exceed those limits and



1 (ii) a named insured may purchase greater or lesser limits, except that the  
2 limits shall not be less than the bodily injury liability limits required pursuant  
3 to subdivision (2) of this subsection, and in no event shall an insurer be  
4 required by this subdivision to sell uninsured motorist bodily injury coverage  
5 at limits that exceed one million dollars (\$1,000,000) per person and one  
6 million dollars (\$1,000,000) per accident. When the policy is issued and  
7 renewed, the insurer shall notify the named insured as provided in subsection  
8 (m) of this section. The provisions shall include coverage for the protection of  
9 persons insured under the policy who are legally entitled to recover damages  
10 from owners or operators of uninsured motor vehicles because of injury to or  
11 destruction of the property of such insured. The limits of such uninsured  
12 motorist property damage coverage shall be equal to the highest limits of  
13 property damage liability coverage for any one vehicle insured under the  
14 policy; provided, however, that (i) the limits shall not exceed one million  
15 dollars (\$1,000,000) per accident regardless of whether the highest limits of  
16 property damage liability coverage for any one vehicle insured under the  
17 policy exceed those limits and (ii) a named insured may purchase lesser limits,  
18 except that the limits shall not be less than the property damage liability limits  
19 required pursuant to subdivision (2) of this subsection. When the policy is  
20 issued and renewed, the insurer shall notify the named insured as provided in  
21 subsection (m) of this section. For uninsured motorist property damage  
22 coverage, the limits purchased by the named insured shall be subject, for each  
23 insured, to an exclusion of the first one hundred dollars (\$100.00) of such  
24 damages. The provision shall further provide that a written statement by the  
25 liability insurer, whose name appears on the certification of financial  
26 responsibility made by the owner of any vehicle involved in an accident with  
27 the insured, that the other motor vehicle was not covered by insurance at the  
28 time of the accident with the insured shall operate as a prima facie  
29 presumption that the operator of the other motor vehicle was uninsured at the  
30 time of the accident with the insured for the purposes of recovery under this  
31 provision of the insured's liability insurance policy.

32 If a person who is legally entitled to recover damages from the owner or  
33 operator of an uninsured motor vehicle is an insured under the uninsured  
34 motorist coverage of a policy that insures more than one motor vehicle, that  
35 person shall not be permitted to combine the uninsured motorist limit  
36 applicable to any one motor vehicle with the uninsured motorist limit  
37 applicable to any other motor vehicle to determine the total amount of  
38 uninsured motorist coverage available to that person. If a person who is legally  
39 entitled to recover damages from the owner or operator of an uninsured motor  
40 vehicle is an insured under the uninsured motorist coverage of more than one  
41 policy, that person may combine the highest applicable uninsured motorist  
42 limit available under each policy to determine the total amount of uninsured  
43 motorist coverage available to that person. The previous sentence shall apply  
44 only to insurance on nonfleet private passenger motor vehicles as described in  
45 G.S. 58-40-10(1) and (2).

46 In addition to the above requirements relating to uninsured motorist  
47 insurance, every policy of bodily injury liability insurance covering liability  
48 arising out of the ownership, maintenance or use of any motor vehicle, which  
49 policy is delivered or issued for delivery in this State, shall be subject to the  
50 following provisions which need not be contained therein.

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a. A provision that the insurer shall be bound by a final judgment taken by the insured against an uninsured motorist if the insurer has been served with copy of summons, complaint or other process in the action against the uninsured motorist by registered or certified mail, return receipt requested, or in any manner provided by law; ~~provided however, that the law.~~ The insurer may also be issued a summons, complaint, or other process as an unnamed party and served by registered or certified mail, return receipt requested, or in any manner provided by law. Service outside of the statute of limitations shall be valid so long as the summons has been properly issued, preserved, and served pursuant to North Carolina Rule of Civil Procedure 4. The determination of whether a motorist is uninsured may be decided only by an action against the insurer alone. The insurer, upon being served as herein provided, shall be a party to the action between the insured and the uninsured motorist though not named in the caption of the pleadings and may defend the suit in the name of the uninsured motorist or in its own name. The insurer, upon being served with copy of summons, complaint or other pleading, shall have the time allowed by statute in which to answer, demur or otherwise plead (whether the pleading is verified or not) to the summons, complaint or other process served upon it. The consent of the insurer shall not be required for the initiation of suit by the insured against the uninsured motorist: Provided, however, no action shall be initiated by the insured until 60 days following the posting of notice to the insurer at the address shown on the policy or after personal delivery of the notice to the insurer or its agent setting forth the belief of the insured that the prospective defendant or defendants are uninsured motorists. No default judgment shall be entered when the insurer has timely filed an answer or other pleading as required by law. The failure to post notice to the insurer 60 days in advance of the initiation of suit shall not be grounds for dismissal of the action, but shall automatically extend the time for the filing of an answer or other pleadings to 60 days after the time of service of the summons, complaint, or other process on the insurer.

...  
(4) Shall, in addition to the coverages set forth in subdivisions (2) and (3) of this subsection, provide underinsured motorist coverage, to be used only with a policy that is written at limits that exceed those prescribed by subdivision (2) of this subsection. The limits of such underinsured motorist bodily injury coverage shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy; provided, however, that (i) the limits shall not exceed one million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident regardless of whether the highest limits of bodily injury liability coverage for any one vehicle insured under the policy exceed those limits, (ii) a named insured may purchase greater or lesser limits, except that the limits shall exceed the bodily injury liability limits required pursuant to subdivision (2) of this subsection, and in no event shall an insurer be required by this subdivision to sell underinsured motorist bodily injury coverage at limits that exceed one million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident, and (iii) the limits shall be equal to the limits of uninsured motorist bodily injury coverage purchased pursuant to subdivision (3) of this subsection. When the policy is

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

1 policies, the total amount of underinsured motorist coverage applicable to the  
2 claimant is the sum of the limits of the claimant's underinsured motorist  
3 coverages as determined by combining the highest limit available under each  
4 policy, and shall not be reduced by a setoff against any coverage, including  
5 liability insurance, except for workers' compensation coverage to the extent  
6 provided for in subsection (e) of this section.

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

22 An underinsured motorist insurer may at its option, upon a claim pursuant  
23 to underinsured motorist coverage, pay moneys without there having first been  
24 an exhaustion of the liability insurance policy covering the ownership, use,  
25 and maintenance of the underinsured highway vehicle. In the event of  
26 payment, the underinsured motorist insurer shall be either: (a) entitled to  
27 receive by assignment from the claimant any right or (b) subrogated to the  
28 claimant's right regarding any claim the claimant has or had against the owner,  
29 operator, or maintainer of the underinsured highway vehicle, provided that the  
30 amount of the insurer's right by subrogation or assignment shall not exceed  
31 payments made to the claimant by the insurer. No insurer shall exercise any  
32 right of subrogation or any right to approve settlement with the original owner,  
33 operator, or maintainer of the underinsured highway vehicle under a policy  
34 providing coverage against an underinsured motorist where the insurer has  
35 been provided with written notice before a settlement between its insured and  
36 the underinsured motorist and the insurer fails to advance a payment to the  
37 insured in an amount equal to the tentative settlement within 30 days  
38 following receipt of that notice. Further, the insurer shall have the right, at its  
39 election, to pursue its claim by assignment or subrogation in the name of the  
40 claimant, and the insurer shall not be denominated as a party in its own name  
41 except upon its own election. Assignment or subrogation as provided in this  
42 subdivision shall not, absent contrary agreement, operate to defeat the  
43 claimant's right to pursue recovery against the owner, operator, or maintainer  
44 of the underinsured highway vehicle for damages beyond those paid by the  
45 underinsured motorist insurer. The claimant and the underinsured motorist  
46 insurer may join their claims in a single suit without requiring that the insurer  
47 be named as a party. Any claimant who intends to pursue recovery against the  
48 owner, operator, or maintainer of the underinsured highway vehicle for  
49 moneys beyond those paid by the underinsured motorist insurer shall before  
50 doing so give notice to the insurer and give the insurer, at its expense, the  
51 opportunity to participate in the prosecution of the claim. Upon the entry of

1 judgment in a suit upon any such claim in which the underinsured motorist  
2 insurer and claimant are joined, payment upon the judgment, unless otherwise  
3 agreed to, shall be applied pro rata to the claimant's claim beyond payment by  
4 the insurer of the owner, operator or maintainer of the underinsured highway  
5 vehicle and the claim of the underinsured motorist insurer.

6 A party injured by the operation of an underinsured highway vehicle who  
7 institutes a suit for the recovery of moneys for those injuries and in such an  
8 amount that, if recovered, would support a claim under underinsured motorist  
9 coverage shall give notice of the initiation of the suit to the underinsured  
10 motorist insurer as well as to the insurer providing primary liability coverage  
11 upon the underinsured highway vehicle. Upon receipt of notice, the  
12 underinsured motorist insurer shall have the right to appear in defense of the  
13 claim without being named as a party therein, and without being named as a  
14 party may participate in the suit as fully as if it were a party. The underinsured  
15 motorist insurer may elect, but may not be compelled, to appear in the action  
16 in its own name and present therein a claim against other parties; provided  
17 that application is made to and approved by a presiding superior court judge,  
18 in any such suit, any insurer providing primary liability insurance on the  
19 underinsured highway vehicle may upon payment of all of its applicable limits  
20 of liability be released from further liability or obligation to participate in the  
21 defense of such proceeding. However, before approving any such application,  
22 the court shall be persuaded that the owner, operator, or maintainer of the  
23 underinsured highway vehicle against whom a claim has been made has been  
24 apprised of the nature of the proceeding and given his right to select counsel  
25 of his own choice to appear in the action on his separate behalf. If an  
26 underinsured motorist insurer, following the approval of the application, pays  
27 in settlement or partial or total satisfaction of judgment moneys to the  
28 claimant, the insurer shall be subrogated to or entitled to an assignment of the  
29 claimant's rights against the owner, operator, or maintainer of the  
30 underinsured highway vehicle and, provided that adequate notice of right of  
31 independent representation was given to the owner, operator, or maintainer, a  
32 finding of liability or the award of damages shall be res judicata between the  
33 underinsured motorist insurer and the owner, operator, or maintainer of  
34 underinsured highway vehicle.

35 As consideration for payment of policy limits by a liability insurer on  
36 behalf of the owner, operator, or maintainer of an underinsured motor vehicle,  
37 a party injured by an underinsured motor vehicle may execute a contractual  
38 covenant not to enforce against the owner, operator, or maintainer of the  
39 vehicle any judgment that exceeds the policy limits. A covenant not to enforce  
40 judgment shall not preclude the injured party from pursuing available  
41 underinsured motorist benefits, unless the terms of the covenant expressly  
42 provide otherwise, and shall not preclude an insurer providing underinsured  
43 motorist coverage from pursuing any right of subrogation.

44 Notwithstanding the provisions of this subsection, no policy of motor  
45 vehicle liability insurance applicable solely to commercial motor vehicles as  
46 defined in G.S. 20-4.01(3d) or applicable solely to fleet vehicles shall be  
47 required to provide underinsured motorist coverage. When determining  
48 whether a policy is applicable solely to fleet vehicles, the insurer may rely  
49 upon the number of vehicles reported by the insured at the time of the issuance  
50 of the policy for the policy term in question. In the event of a renewal of the  
51 policy, when determining whether a policy is applicable solely to fleet

1 vehicles, the insurer may rely upon the number of vehicles reported by the  
 2 insured at the time of the renewal of the policy for the policy term in question.  
 3 Any motor vehicle liability policy that insures both commercial motor  
 4 vehicles as defined in G.S. 20-4.01(3d) and noncommercial motor vehicles  
 5 shall provide underinsured motorist coverage in accordance with the  
 6 provisions of this subsection in an amount equal to the highest limits of bodily  
 7 injury liability coverage for any one noncommercial motor vehicle insured  
 8 under the policy, subject to the right of the insured to purchase greater or lesser  
 9 underinsured motorist bodily injury liability coverage limits as set forth in this  
 10 subsection. For the purpose of the immediately preceding sentence,  
 11 noncommercial motor vehicle shall mean any motor vehicle that is not a  
 12 commercial motor vehicle as defined in G.S. 20-4.01(3d), but that is otherwise  
 13 subject to the requirements of this subsection."

14 **SECTION 12.(e)** G.S. 20-279.21(m) reads as rewritten:

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

- 18 (1) The named insured is required to purchase uninsured motorist bodily injury  
 19 coverage, uninsured motorist property damage coverage, ~~and, if applicable,~~  
 20 and underinsured motorist bodily injury coverage.
- 21 ...
- 22 (4) The named insured's underinsured motorist bodily injury coverage ~~limits, if~~  
 23 ~~applicable, limits~~ shall be equal to the highest limits of bodily injury liability  
 24 coverage for any one vehicle insured under the policy unless the insured elects  
 25 to purchase greater or lesser limits for underinsured motorist bodily injury  
 26 coverage.

27 ...

28 An insurer shall be deemed to have given reasonable notice if it includes the following or  
 29 substantially similar language on the policy's original and renewal declarations pages or in a  
 30 separate notice accompanying the original and renewal declarations pages in at least 12 point  
 31 type:

32 NOTICE: YOU ARE REQUIRED TO PURCHASE UNINSURED MOTORIST BODILY  
 33 INJURY COVERAGE, UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE  
 34 AND, IN SOME CASES, UNDERINSURED MOTORIST BODILY INJURY COVERAGE.  
 35 THIS INSURANCE PROTECTS YOU AND YOUR FAMILY AGAINST INJURIES AND  
 36 PROPERTY DAMAGE CAUSED BY THE NEGLIGENCE OF OTHER DRIVERS WHO  
 37 MAY HAVE LIMITED OR ONLY MINIMUM COVERAGE OR EVEN NO LIABILITY  
 38 INSURANCE. YOU MAY PURCHASE UNINSURED MOTORIST BODILY INJURY  
 39 COVERAGE AND, IF APPLICABLE, UNDERINSURED MOTORIST COVERAGE WITH  
 40 LIMITS UP TO ONE MILLION DOLLARS (\$1,000,000) PER PERSON AND ONE MILLION  
 41 DOLLARS (\$1,000,000) PER ACCIDENT OR AT SUCH LESSER LIMITS YOU CHOOSE.  
 42 YOU CANNOT PURCHASE COVERAGE FOR LESS THAN THE MINIMUM LIMITS FOR  
 43 THE BODILY INJURY AND PROPERTY DAMAGE COVERAGE THAT ARE REQUIRED  
 44 FOR YOUR OWN VEHICLE. IF YOU DO NOT CHOOSE A GREATER OR LESSER LIMIT  
 45 FOR UNINSURED MOTORIST BODILY INJURY COVERAGE, A LESSER LIMIT FOR  
 46 UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE, AND/OR A GREATER OR  
 47 LESSER LIMIT FOR UNDERINSURED MOTORIST BODILY INJURY COVERAGE,  
 48 THEN THE LIMITS FOR THE UNINSURED MOTORIST BODILY INJURY COVERAGE  
 49 AND, IF APPLICABLE, THE UNDERINSURED MOTORIST BODILY INJURY  
 50 COVERAGE WILL BE THE SAME AS THE HIGHEST LIMITS FOR BODILY INJURY  
 51 LIABILITY COVERAGE FOR ANY ONE OF YOUR OWN VEHICLES INSURED UNDER

1 THE POLICY AND THE LIMITS FOR THE UNINSURED MOTORIST PROPERTY  
2 DAMAGE COVERAGE WILL BE THE SAME AS THE HIGHEST LIMITS FOR PROPERTY  
3 DAMAGE LIABILITY COVERAGE FOR ANY ONE OF YOUR OWN VEHICLES  
4 INSURED UNDER THE POLICY. IF YOU WISH TO PURCHASE UNINSURED  
5 MOTORIST AND, IF APPLICABLE, UNDERINSURED MOTORIST COVERAGE AT  
6 DIFFERENT LIMITS THAN THE LIMITS FOR YOUR OWN VEHICLE INSURED UNDER  
7 THE POLICY, THEN YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR  
8 AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING DIFFERENT COVERAGE  
9 LIMITS. YOU SHOULD ALSO READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT  
10 IS COVERED UNDER UNINSURED AND UNDERINSURED MOTORIST COVERAGES."

11 **SECTION 12.(f)** G.S. 20-279.25(a) reads as rewritten:

12 "(a) Proof of financial responsibility may be evidenced by the certificate of the State  
13 Treasurer that the person named therein has deposited with him ~~eighty-five thousand dollars~~  
14 ~~(\$85,000)~~ one hundred fifty thousand dollars (\$150,000) in cash, or securities such as may legally  
15 be purchased by savings banks or for trust funds of a market value of ~~eighty-five thousand dollars~~  
16 ~~(\$85,000)~~ one hundred fifty thousand dollars (\$150,000). The State Treasurer shall not accept  
17 any such deposit and issue a certificate therefor and the Commissioner shall not accept such  
18 certificate unless accompanied by evidence that there are no unsatisfied judgments of any  
19 character against the depositor in the county where the depositor resides."

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

21 "**§ 20-281. Liability insurance prerequisite to engaging in business; coverage of policy.**

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

41 **SECTION 12.(h)** G.S. 58-37-35(b)(1) reads as rewritten:

42 "(1) For the following coverages of motor vehicle insurance and in at least the  
43 following amounts of insurance:

- 44 a. Bodily injury liability: ~~thirty thousand dollars (\$30,000)~~ fifty thousand  
45 dollars (\$50,000) each person, ~~sixty thousand dollars (\$60,000)~~ one  
46 hundred thousand dollars (\$100,000) each accident;
- 47 b. Property damage liability: ~~twenty-five thousand dollars (\$25,000)~~ fifty  
48 thousand dollars (\$50,000) each accident;
- 49 c. Medical payments: one thousand dollars (\$1,000) each person; except  
50 that this coverage shall not be available for motorcycles or mopeds;

- d. Uninsured motorist: ~~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 for bodily injury; ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) each accident property damage (one hundred dollars (\$100.00) deductible);
- e. Any other motor vehicle insurance or financial responsibility limits in the amounts required by any federal law or federal agency regulation; by any law of this State; or by any rule duly adopted under Chapter 150B of the General Statutes or by the North Carolina Utilities Commission."

SECTION 12.(i) This section becomes effective January 1, 2025, and applies to policies issued or renewed on or after that date.

**PART XIII. CLARIFY TIME LINE FOR COMPLIANCE WITH MEDICAL RECORDS SUBPOENA**

SECTION 13. G.S. 44-49(b) reads as rewritten:

"(b) Notwithstanding subsection (a) of this section, no lien provided for under subsection (a) of this section is valid with respect to any claims whatsoever unless the physician, dentist, nurse, hospital, corporation, or other person entitled to the lien furnishes, without charge to the attorney as a condition precedent to the creation of the lien, upon request to the attorney representing the person in whose behalf the claim for personal injury is made, within 60 days of receipt of the request, an itemized statement, hospital record, or medical report for the use of the attorney in the negotiation, settlement, or trial of the claim arising by reason of the personal injury, and a written notice to the attorney of the lien claimed."

**PART XIV. INCREASING SMALL EMPLOYER ACCESS TO STOP LOSS, CATASTROPHIC, AND REINSURANCE COVERAGE**

SECTION 14.(a) G.S. 58-50-130(a)(5) reads as rewritten:

- (5) No small employer carrier, insurer, subsidiary of an insurer, or controlled individual of an insurance holding company shall provide stop loss, catastrophic, or reinsurance coverage to small employers who employ fewer than ~~20~~ 12 eligible employees that does not comply with the underwriting, rating, and other applicable standards in this Act. An insurer shall not issue a stop loss health insurance policy to any person, firm, corporation, partnership, or association defined as a small employer that does any of the following:
  - a. Provides direct coverage of health expenses payable to an individual.
  - b. Has an annual attachment point for claims incurred per individual that is lower than twenty thousand dollars (\$20,000) for plan years beginning in 2013. For subsequent policy years, the amount shall be indexed using the Consumer Price Index for Medical Services for All Urban Consumers for the South Region and shall be rounded to the nearest whole thousand dollars. The index factor shall be the index as of July of the year preceding the change divided by the index as of July 2012.
  - c. Has an annual aggregate attachment point lower than the greater of one of the following:
    - 1. One hundred twenty percent (120%) of expected claims.
    - 2. Twenty thousand dollars (\$20,000) for plan years beginning in 2013. For subsequent policy years, the amount shall be indexed using the Consumer Price Index for Medical Services for All



1 Urban Consumers for the South Region and shall be rounded  
2 to the nearest whole thousand dollars. The index factor shall be  
3 the index as of July of the year preceding the change divided  
4 by the index as of July 2012.

5 Nothing in this subsection prohibits an insurer from providing  
6 additional incentives to small employers with benefits  
7 promoting a medical home or benefits that provide health care  
8 screenings, are focused on outcomes and key performance  
9 indicators, or are reimbursed on an outcomes basis rather than  
10 a fee-for-service basis."

11 **SECTION 14.(b)** This section becomes effective October 1, 2024, and applies to  
12 contracts issued, renewed, or amended on or after that date.

### 13 **PART XV. RAISING BEACH PLAN POLICY LIMITS**

14 **SECTION 15.(a)** G.S. 58-45-41(a) reads as rewritten:

15 "(a) The Association shall cause to be issued insurance up to the reasonable value of the  
16 insurable property, subject to a maximum of ~~seven hundred fifty thousand dollars (\$750,000)~~ one  
17 million dollars (\$1,000,000) on habitational property. The above limits on habitational property  
18 shall apply to the value of the building only. Insurance issued by the Association for commercial  
19 property shall not exceed ~~three four million dollars (\$3,000,000)–(\$4,000,000)~~ on any  
20 freestanding structure or any building unit within multiple firewall divisions, provided the  
21 aggregate insurance on structures with multiple firewall divisions shall not exceed ~~six ten~~ million  
22 dollars ~~(\$6,000,000)–(\$10,000,000)~~ on all interest at one risk."

23 **SECTION 15.(b)** This section is effective 30 days after it becomes law and applies  
24 to contracts issued, amended, or renewed on or after that date.

### 25 **PART XVI. AMEND INSURANCE RATE-MAKING LAWS**

26 **SECTION 16.(a)** G.S. 58-36-10(2) reads as rewritten:

27 "(2) Due consideration shall be given to actual loss and expense experience within  
28 this State for the most recent three-year period for which that information is  
29 available; to prospective loss and expense experience within this State; to the  
30 hazards of conflagration and catastrophe; to a reasonable margin for  
31 underwriting profit and to contingencies; to dividends, savings, or unabsorbed  
32 premium deposits allowed or returned by insurers to their policyholders,  
33 members, or subscribers; to investment income earned or realized by insurers  
34 from their unearned premium, loss, and loss expense reserve funds generated  
35 from business within this State; to investment income from capital and  
36 surplus; to past and prospective expenses specially applicable to this State;  
37 and to all other relevant factors within this State: Provided, however, that  
38 countrywide expense and loss experience and other countrywide data may be  
39 considered only where credible North Carolina experience or data is not  
40 available."

41 **SECTION 16.(b)** G.S. 58-36-43(a) reads as rewritten:

42 "(a) Member companies writing private passenger automobile or homeowners' insurance  
43 under this Article may incorporate optional enhancements to their automobile and homeowners'  
44 programs as an endorsement to an automobile or homeowners' policy issued under this Article if  
45 the insurer has filed the proposed enhancement with the Commissioner and if the proposed  
46 enhancement is approved by the Commissioner. Any approved optional enhancements shall be  
47 considered outside the authority of the Rate Bureau. If the proposed enhancement will include  
48 an additional premium charge, the proposed premium charge shall be included with the proposed  
49 program enhancements filed with the Commissioner. The Commissioner shall review the  
50  
51

1 proposed premium charges and approve them if the Commissioner finds that they are based on  
2 sound actuarial principles. Amendments to private passenger automobile or homeowners'  
3 program enhancements are subject to the same requirements as initial filings. ~~Neither the~~  
4 ~~acceptance, renewal of a policy, nor any underwriting rating criteria shall be conditioned by a~~  
5 ~~company upon the acceptance by the policyholder of any optional automobile or homeowners'~~  
6 ~~enhancements.~~

7 A company shall not condition (i) the acceptance or renewal of a policy, (ii) any underwriting  
8 criteria, or (iii) any rating criteria upon the acceptance by the policyholder of any optional  
9 automobile or homeowners' enhancements authorized by this section. A rate amendment  
10 authorized by this section is not a rate deviation and is not subject to the requirements for rate  
11 deviations set forth in G.S. 58-36-30(a)."

12 **SECTION 16.(c)** G.S. 58-36-43(b) is repealed.

13 **SECTION 16.(d)** G.S. 58-36-65(i) reads as rewritten:

14 "(i) As used in this section, "conviction" means a ~~conviction as defined in G.S. 20-279.1~~  
15 plea of guilty, a plea of no contest, or the determination of guilt by a jury or by a court, even if  
16 no sentence has been imposed or, if imposed, has been suspended, and it includes a forfeiture of  
17 bail or collateral deposited to secure appearance in court of the defendant, unless the forfeiture  
18 has been vacated, and means an infraction as defined in G.S. 14-3.1."

19 **SECTION 16.(e)** G.S. 58-36-65(j) reads as rewritten:

20 "(j) Subclassification plan surcharges shall be applied to a policy for a period of not less  
21 nor more than three policy years. However, for convictions for which four or more points under  
22 the Plan are assigned, other than convictions for speeding in excess of the posted speed limit,  
23 subclassification plan surcharges shall be applied to a policy for a period of not less nor more  
24 than five policy years."

25 **SECTION 16.(f)** G.S. 58-36-65(k) reads as rewritten:

26 "(k) ~~The~~ For insureds receiving a drivers license for the first time on or before January 1,  
27 2025, the subclassification plan may provide for premium surcharges for insureds having less  
28 than three years' driving experience as licensed drivers. Notwithstanding subsection (j) of this  
29 section, for insureds receiving a drivers license for the first time on or after January 1, 2025, the  
30 subclassification plan may provide for premium surcharges for insureds having less than eight  
31 years' driving experience as licensed drivers."

32 **SECTION 16.(g)** G.S. 58-36-65 is amended by adding a new subsection to read:

33 "(k1) Licensed drivers subject to premium surcharges pursuant to subsection (k) of this  
34 section for a period of up to eight years may be eligible for an inexperienced safe driver discount  
35 after three full years of driving experience. To be eligible for the premium discount, an  
36 inexperienced licensed driver cannot have any at-fault accidents or convictions on their driving  
37 record, whether or not such at-fault accidents or convictions result in the assignment of points  
38 under the Plan. Any at-fault accidents or convictions shall preclude the inexperienced licensed  
39 driver from being eligible for the premium discount for a period of five years. Eligibility for the  
40 premium discount terminates once the inexperienced driver has been licensed for eight years or  
41 when the inexperienced driver has any at-fault accidents or convictions. For purposes of this  
42 subsection, convictions on a driving record shall include convictions for which a prayer for  
43 judgment continued was granted. Any inexperienced safe driver discount shall be filed by the  
44 Bureau for approval with the Commissioner."

45 **SECTION 16.(h)** G.S. 58-36-75(f) reads as rewritten:

46 "(f) The subclassification plan shall provide that with respect to a conviction for a  
47 "violation of speeding 10 miles per hour or less over the speed limit" there shall be no premium  
48 surcharge nor any assessment of points unless there is a driving record consisting of a conviction  
49 or convictions for a moving traffic violation or violations, except for a prayer for judgment  
50 continued for any moving traffic violation, during the ~~three~~ five years immediately preceding the  
51 date of application or the preparation of the renewal. The subclassification plan shall also provide

1 that with respect to a prayer for judgment continued for any moving traffic violation, there shall  
 2 be no premium surcharge nor any assessment of points unless the vehicle owner, principal  
 3 operator, or any licensed operator in the owner's household has a driving record consisting of a  
 4 prayer or prayers for judgment continued for any moving traffic violation or violations during  
 5 the ~~three~~-five years immediately preceding the date of application or the preparation of the  
 6 renewal. For the purpose of this subsection, a "prayer for judgment continued" means a  
 7 determination of guilt by a jury or a court though no sentence has been imposed. For the purpose  
 8 of this subsection, a "violation of speeding 10 miles per hour or less over the speed limit" does  
 9 not include the offense of speeding in a school zone in excess of the posted school zone speed  
 10 limit."

11 **SECTION 16.(i)** The Department of Insurance shall conduct public outreach  
 12 regarding how the provisions of this act may impact insurance premiums for policyholders and  
 13 both experienced and inexperienced drivers. This public outreach shall include information  
 14 published on the Department's website and may be coordinated with members of the insurance  
 15 industry and the North Carolina Rate Bureau.

16 **SECTION 16.(j)** This section becomes effective January 1, 2025.

17  
 18 **PART XVII. REVISE OVERSIGHT OF HIGH SCHOOL INTERSCHOLASTIC**  
 19 **ATHLETICS**

20 **SECTION 17.(a)** Article 29E of Chapter 115C of the General Statutes reads as  
 21 rewritten:

22 "Article 29E.

23 "High School Interscholastic Athletic Activities.

24 "Part 1. Definitions.

25 **"§ 115C-407.50. Definitions.**

26 The following definitions apply in this Article:

27 (1) Administering organization. – A nonprofit organization that has entered into  
 28 and is in compliance with a memorandum of understanding with the ~~State~~  
 29 ~~Board of Education~~ Superintendent of Public Instruction to administer and  
 30 enforce the adopted rules and requirements of this Article for interscholastic  
 31 athletic activities at the high school level.

32 (1a) Associated entity. – A foundation, association, corporation, limited liability  
 33 company, partnership, or other nonprofit entity that meets any of the following  
 34 criteria:

35 a. Was established by the administering organization or officers of the  
 36 administering organization.

37 b. Is controlled by the administering organization.

38 c. Raises funds in the name of the administering organization.

39 d. Has a primary purpose of providing services or conducting activities  
 40 in furtherance of the administering organization's mission pursuant to  
 41 an agreement with the administering organization.

42 e. Has a tax-exempt status that is based on being a support organization  
 43 for the administering organization.

44 ...

45 (6) Parent. – The parent or legal guardian of a student participating or seeking to  
 46 participate in interscholastic athletic activities.

47 (7) Participating school. – A high school that elects to offer interscholastic athletic  
 48 activities.

49 "Part 2. Oversight of Interscholastic Athletic Activities.

50 **"§ 115C-407.55. Rules for high school interscholastic athletic activities.**

1 The State Board of Education shall adopt rules governing high school interscholastic athletic  
2 activities conducted by public school units that include the following:

3 (1) Student participation rules. – These rules shall govern student eligibility to  
4 participate in interscholastic athletic ~~activities and~~ activities. The adoption of  
5 these rules shall not be delegated to an administering organization, and student  
6 participation rules shall not be altered or expanded by an administering  
7 organization. The rules shall include, at a minimum, ~~academic standards,~~  
8 enrollment ~~the following:~~

9 a. Academic standards.

10 b. Enrollment and transfer requirements, ~~attendance requirements,~~  
11 medical requirements, including the following:

12 1. A student who is not domiciled in a local school administrative  
13 unit but enrolls in that unit pursuant to G.S. 115C-366(d) shall  
14 not be eligible to participate in interscholastic athletic activities  
15 in that unit if the student's enrollment in that unit is solely for  
16 athletic participation purposes. A student determined to be  
17 ineligible under this sub-sub-subdivision shall be ineligible to  
18 participate in postseason play for one year following discovery  
19 of the violation.

20 2. A student who receives priority enrollment as the child of a  
21 full-time employee of a charter school pursuant to  
22 G.S. 115C-218.45(f)(3) shall not be eligible to participate in  
23 interscholastic athletics for that charter school if the Office of  
24 Charter Schools determines that the parent's employment was  
25 a fraudulent basis for the student's priority enrollment. A  
26 student determined to be ineligible under this  
27 sub-sub-subdivision shall be ineligible to participate in  
28 postseason play for one year following discovery of the  
29 violation.

30 c. Attendance requirements.

31 d. Medical eligibility requirements, ~~recruiting limitations, and hardship~~  
32 exceptions requirements.

33 e. Biological participation requirements as required by  
34 G.S. 115C-407.59.

35 f. Recruiting limitations.

36 g. Hardship exceptions that may be granted by the independent appeals  
37 board established by subdivision (4) of this section.

38 h. Student amateur status requirements, including rules related to use of  
39 a student's name, image and likeness.

40 (2) Student health and safety rules. – These rules shall govern requirements to  
41 ensure student health and safety during participation in interscholastic athletic  
42 activities, including rules related to concussions and emergency action plans  
43 as required by ~~G.S. 115C-12(23)~~ G.S. 115C-407.57 and G.S. 115C-407.58.  
44 The adoption of these rules shall not be delegated to an administering  
45 organization and student health and safety rules shall not be altered or  
46 expanded by an administering organization.

47 (3) Penalty rules. – These rules shall establish a system of demerits for infractions  
48 of student participation rules and gameplay rules which may result in  
49 reprimands, probations, suspensions, forfeitures of contests, forfeitures of  
50 titles, and ~~disqualifications.~~ disqualifications but shall not result in monetary

- 1 penalties of any kind. The State Board may by rule delegate the authority to  
2 establish all or a portion of the penalty rules to an administering organization.
- 3 (4) Appeals rules. – These rules shall establish an appeals process that provides  
4 due process to students, parents, and participating schools for enforcement of  
5 rules that provides for rules through hearings held before an independent  
6 appeals board. The adoption of these rules may not be delegated to an  
7 administering organization and appeals rules shall not be altered or expanded  
8 by an administering organization. The rules shall require the following:
- 9 a. The Superintendent of Public Instruction shall appoint an independent  
10 appeals board, notice board.
- 11 b. Notice of the infraction and the appeals process shall be provided to  
12 the party that receives the penalty, and an penalty.
- 13 c. An opportunity to be heard before the independent appeals  
14 board, board shall be given to the entity that receives the penalty.
- 15 d. A student and that student's parent shall be allowed to appeal a penalty  
16 resulting from the application of any rule that restricts an individual  
17 student from participating in a season, game, or series of games, and  
18 shall be provided a written copy of the rule that is the basis for the  
19 penalty.
- 20 e. The independent appeals board shall have authority to grant hardship  
21 exceptions in accordance with rules established under subdivision (1)  
22 of this section.
- 23 (5) Administrative rules. – These rules shall govern classifications of schools into  
24 divisions and conferences, administration of games, and requirements for  
25 coaching, officiating, sportsmanship, and scheduling of seasons. The State  
26 Board may by rule delegate the authority to establish all or a portion of the  
27 administrative rules to an administering organization.
- 28 (6) Gameplay rules. – These rules shall be adopted in accordance with the  
29 requirements of the governing organization for each sport, including the  
30 requirements of the National Federation of State High School Associations.  
31 The State Board may by rule delegate the authority to establish all or a portion  
32 of the gameplay rules to an administering organization.
- 33 (7) Fees. – These rules shall establish the fees and other amounts that may be  
34 charged to a participating school for participation in interscholastic athletic  
35 activities. ~~The State Board may by rule delegate the authority to establish all~~  
36 ~~or a portion of the fees to an administering organization.~~ The adoption of these  
37 rules shall not be delegated to an administering organization and fees shall not  
38 be altered or expanded by an administering organization.
- 39 (8) Administering organization rules. – These rules shall require that to be  
40 designated as an administering organization, a nonprofit must enter into and  
41 remain compliant with a memorandum of understanding with the ~~State Board.~~  
42 Superintendent of Public Instruction consistent with the requirements of  
43 G.S. 115C-407.61. The adoption of these rules shall not be delegated to an  
44 administering organization and administering organization rules shall not be  
45 altered or expanded by an administering organization. The rules shall also  
46 require the following:
- 47 a. The State Board may, by majority vote, invalidate any rule or  
48 regulation adopted by the administering organization.
- 49 b. The administering organization be audited annually by a reputable  
50 independent auditing firm, engage in open ~~meetings as set out in the~~  
51 ~~memorandum of understanding, meetings,~~ and provide the State Board

1 access to records of the administering organization, including financial  
 2 information, annual audit reports, and any matters related to or  
 3 impacting participating ~~schools~~.schools, and to any audits of  
 4 associated entities. An independent auditing firm is a firm which  
 5 performs no other tasks or functions for the administering organization  
 6 besides the annual audit.

7 c. The administering organization shall enter into written agreements  
 8 with each participating school.

9 d. The memorandum of understanding shall incorporate by reference any  
 10 subsequent changes to rules or statutes made after the parties enter into  
 11 the memorandum.

12 (9) Reporting rules. – These rules shall establish a process for reporting issues or  
 13 concerns related to the administration of interscholastic athletic  
 14 ~~activities~~.activities, including intimidation or harassment of the participating  
 15 school or its employees or students by an administering organization. The  
 16 adoption of these rules may not be delegated to an administering organization  
 17 and reporting rules shall not be altered or expanded by an administering  
 18 organization.

19 "Part 3. Memorandum of Understanding.

20 **"§ 115C-407.60. Administration and enforcement of high school interscholastic athletic**  
 21 **activity rules.**

22 (a) ~~The State Board of Education~~ Superintendent of Public Instruction may enter into a  
 23 memorandum of understanding for a term of four years with one or more nonprofit organizations  
 24 to administer and enforce the requirements of this Article and the rules adopted by the State  
 25 Board for interscholastic athletic activities at the high school level. A memorandum of  
 26 understanding shall include the requirements of G.S. 115C-407.61 and shall comply with the  
 27 requirements of this Article. If the State Board by rule delegates the authority to establish certain  
 28 rules to an administering organization, as provided in G.S. 115C-407.55, the administering  
 29 organization shall not be required to comply with the requirements of Chapter 150B of the  
 30 General Statutes in establishing those rules.

31 (a1) The State Auditor is authorized to conduct audits of any administering organization  
 32 in the same manner as for State agencies in accordance with Article 5A of Chapter 147 of the  
 33 General Statutes, if the State Auditor deems an audit necessary.

34 (b) If the ~~State Board~~ Superintendent is unable to enter into a memorandum of  
 35 understanding, the State Board shall assign the administration of high school interscholastic  
 36 athletic activities to the ~~Department~~ Superintendent of Public Instruction and establish fees  
 37 sufficient to support the administration of the program.

38 (c) An administering organization is a public body for the purposes of Article 33C of  
 39 Chapter 143 of the General Statutes.

40 **"§ 115C-407.61. Memorandum of understanding requirements.**

41 (a) If the Superintendent of Public Instruction enters into a memorandum of  
 42 understanding with a nonprofit organization as provided in G.S. 115C-407.60, the memorandum  
 43 shall require that organization to do the following in accordance with the requirements of this  
 44 Article to maintain the authority to administer and enforce the requirements for high school  
 45 interscholastic athletic activities:

46 (1) Apply, enforce, and administer all rules adopted by the State Board without  
 47 alteration or expansion.

48 (2) If delegated by the State Board, adopt, apply, enforce, and administer  
 49 administrative rules, gameplay rules, and penalty rules. A rule shall not be  
 50 adopted by an administering organization until the organization has provided  
 51 for publication of the proposed rule on the organization's website and provided

1 the opportunity to the public for notice and comment on the rule. All adopted  
2 rules shall be provided within 15 days to the Superintendent for review. If the  
3 Superintendent determines that the rule adopted by an administering  
4 organization is unenforceable, the Superintendent shall notify the State Board  
5 and the administering organization shall not enforce the rule. Upon notice  
6 from the Superintendent, the State Board may either require the administering  
7 organization to revise the rule and resubmit it to the Superintendent or may  
8 rescind the delegation of authority and adopt a rule by emergency rule.

9 (3) Make publicly available at no cost on the administering organization's website  
10 the following:

11 a. The organization's handbook for participating schools.

12 b. All student participation rules.

13 c. All gameplay rules.

14 d. Information on the appeals process, including specific information on  
15 how to make an appeal.

16 e. Fees charged to participating schools for participation in  
17 interscholastic activities, including membership in the administering  
18 organization and post-season game participation.

19 (4) Agree to adopt requirements for membership of the nonprofit board that  
20 require equal representation on the board from each educational district  
21 established as provided in G.S. 115C-65, and a member appointed by the  
22 Superintendent of Public Instruction.

23 (5) Adopt an ethics policy that requires board members to avoid conflicts of  
24 interest and the appearance of impropriety.

25 (6) Agree to adopt procedures for its operations that are comparable to those of  
26 Chapter 132 of the General Statutes, the Public Records Law, and provide for  
27 enforcement by the Superintendent. The procedures may provide for the  
28 confidentiality of personnel files comparable to Article 7 of Chapter 126 of  
29 the General Statutes.

30 (7) Apply the standards established by the federal Family Educational Rights and  
31 Privacy Act, 20 U.S.C. § 1232g, to all student records containing personally  
32 identifiable information in the possession of the administering organization.  
33 The administering organization shall be authorized to display and share  
34 student information designated by a participating school as directory  
35 information unless the participating school indicates that a parent has opted  
36 out of disclosure of that information. Other than directory information, all  
37 student records containing personally identifiable information held by the  
38 administering organization are not public records and should not be released  
39 under procedures adopted in accordance with subdivision (6) of this  
40 subsection.

41 (8) Enter into contracts with participating schools as to the monetary requirements  
42 for participation, including the payment of reasonable annual fees by  
43 participating schools as needed to support the duties of the administering  
44 association. Annual fees may vary based on the division to which the school  
45 is assigned. All fees shall be in compliance with the State Board's fee rules.

46 (9) Agree to reduce annual fees to participating schools by a minimum of twenty  
47 percent (20%) when the total fund balance for the administering organization  
48 and any associated entity is two hundred fifty percent (250%) of the  
49 administering organization's total expenses from the prior fiscal year. The  
50 administering organization may increase annual fees to participating schools,  
51 consistent with the State Board's rules on fees, when the total fund balance for

- 1                   the administering organization and any associated entity is one hundred fifty  
2                   percent (150%) of the organization's total expenses from the prior fiscal year.  
3           (10)   Agree to retain no more than thirty-three percent (33%) of the net proceeds of  
4                   any State tournament game.  
5           (11)   Agree to be audited annually by a reputable independent auditing firm that  
6                   meets, at a minimum, the standards required by the Local Government  
7                   Commission for certification to audit local government accounts as provided  
8                   in G.S. 159-34, and to be audited by the State Auditor pursuant to Article 5A  
9                   of Chapter 147 of the General Statutes, if the State Auditor deems an audit  
10                  necessary. An independent auditing firm is a firm which performs no other  
11                  tasks or functions for the administering organization besides the annual audit.  
12           (12)   Agree to not establish, control, or receive funds from an associated entity  
13                  unless the associated entity agrees to all of the following:  
14                  a.     An annual audit as provided in subdivision (11) of this subsection that  
15                         will be made available to the Superintendent of Public Instruction.  
16                  b.     A prohibition on engagement in any of the activities prohibited under  
17                         subdivision (13) of this subsection.  
18                  c.     A prohibition on receipt of any of the administering organization's  
19                         funds or proceeds of State tournament games.  
20           (13)   Agree to not engage in any of the following activities:  
21                  a.     Solicit grant funding and sponsorships from third-party organizations,  
22                         other than for State tournament games.  
23                  b.     Provide grants to schools regulated by the administering organization.  
24                  c.     Provide scholarships to players, except when funded by  
25                         donor-directed funds.  
26                  d.     Designate the use of specific or preferred vendors or require the use of  
27                         any single-source or vendor specific contracts.  
28                  e.     Retain a percentage of gate receipts for games other than State  
29                         tournament games.  
30                  f.     Regulate or control the intellectual property of schools, including team  
31                         logos, mascots, and audio or video of any game other than the State  
32                         tournament games.  
33                  g.     Restrict the recording of audio or video at a State tournament game by  
34                         any parent of a student participating in the game or any employee of  
35                         the school participating in the game.  
36                  h.     Retain any portion of receipts collected from ticket sales, concessions,  
37                         or sale of merchandise by a participating school.  
38                  i.     Retaliate against participating schools, or the employees or students of  
39                         those schools, for reporting to the administering organization, the State  
40                         Board, or any other government entity on any of the following topics.  
41                         For the purposes of this sub-subdivision, "retaliate" does not include  
42                         the application of a penalty rule that is appealable to an independent  
43                         appeals board.  
44                         1.     Violations of laws or rules.  
45                         2.     Fraud.  
46                         3.     Misappropriation of resources.  
47                         4.     Substantial and specific danger to student or employee health  
48                         and safety.  
49                         5.     Gross mismanagement or abuse of authority.



- 1                   j.       Prohibit or restrict a participating school from scheduling a  
2                               nonconference game during the regular season or take any portion of  
3                               ticket seasons from those games.
- 4           (15)   Report annually by December 1 to the Superintendent of Public Instruction  
5                   and the State Board of Education on the following:
- 6                   a.       Activities during the prior school year and recommendations and  
7                               findings regarding improvement of high school interscholastic  
8                               athletics.
- 9                   b.       A copy of both the most recent annual audit conducted by the  
10                              independent auditing firm and any audit conducted by the State  
11                              Auditor.
- 12                   c.       A schedule of current fees charged to participating schools.
- 13                   d.       The amount of fees and gate receipts collected.
- 14                   e.       The current fund balance for the administering organization.

15       (b)   The Superintendent may terminate any memorandum of understanding for  
16       noncompliance with this Article or the terms of the memorandum of understanding. In the event  
17       of termination of a memorandum of understanding, the nonprofit organization shall return to each  
18       participating school a pro rata share of the funds paid by that school for the year as provided in  
19       the participating school's contract with the organization.

20       (c)   The Superintendent may renew a memorandum of understanding with an  
21       administering organization for an additional term of four years. If the Superintendent or  
22       administering organization do not intend to renew a memorandum of understanding, that entity  
23       shall provide written notice to the other party a minimum of six months prior to the expiration of  
24       the memorandum of understanding.

25                   "Part 4. Public School Unit Conduct of Interscholastic Athletic Activities.

26       "**§ 115C-407.65. Conduct of high school interscholastic athletic activities by public school**  
27       **units.**

28       (a)   All public school units with participating schools shall conduct high school  
29       interscholastic athletic activities in accordance with the rules adopted by the State Board of  
30       Education and as administered and enforced by either an administering organization that is in  
31       compliance with the memorandum of understanding or the ~~Department~~ Superintendent of Public  
32       Instruction. Public school units shall not be regulated by any other entities for regular and  
33       postseason high school interscholastic athletics.

34       (b)   Participating schools shall purchase catastrophic insurance for high school  
35       interscholastic athletic activities as provided in Part 2 of Article 31A of Chapter 58 of the General  
36       Statutes.

37       "**§ 115C-407.70. Middle school interscholastic athletic activities.**

38       (a)   The State Board of Education shall adopt rules governing middle school  
39       interscholastic athletic activities conducted by public school units consistent with the  
40       requirements of G.S.115C-407.55 for student participation rules, student health and safety rules,  
41       penalty rules, appeals rules, administrative rules, gameplay rules, fee rules, and reporting rules.

42       (b)   The rules adopted by the State Board of Education for interscholastic athletic  
43       activities at the middle school level shall be administered by the Superintendent of Public  
44       Instruction.

45       (c)   All public school units with schools that participate in middle school interscholastic  
46       athletics shall conduct middle school interscholastic athletic activities in accordance with the  
47       rules adopted by the State Board of Education and as administered and enforced by the  
48       Superintendent of Public Instruction.

49                   "Part 5. Public School Unit Reports.

50       "**§ 115C-407.75. Public school units annual interscholastic athletic reports.**

1        (a) Each public school unit with one or more participating schools shall annually report  
 2 by June 15 the following information to the Superintendent of Public Instruction and the State  
 3 Board of Education:

4            (1) The total dollar amount spent on interscholastic athletic activities, by the  
 5 following categories:

- 6            a. Administering association fees.
- 7            b. Salaries or stipends for coaches and faculties for duties associated  
 8 solely with interscholastic athletics.
- 9            c. Capital costs, including new construction, repair and renovation, and  
 10 maintenance costs for existing athletic facilities.
- 11           d. Uniform and equipment costs.
- 12           e. Travel and transportation costs.
- 13           f. Officiating costs.
- 14           g. Other identified costs.

15           (2) The total dollar amount received from interscholastic athletic activities,  
 16 including funds held in special funds of individual schools, by the following  
 17 categories:

- 18           a. Gate receipts.
- 19           b. Concession sales.
- 20           c. Merchandise sales or sales of items directly related to interscholastic  
 21 athletics, including apparel and audiovisual materials.
- 22           d. Student fees.
- 23           e. Monetary and in-kind contributions from third-party organizations.
- 24           f. State or local funding expended on capital costs for athletic facilities.
- 25           g. Other identified sources of funds.

26        (b) The Superintendent of Public Instruction shall provide a summary of the reports by  
 27 public school units and a copy of each public school unit report to the Joint Legislative Education  
 28 Oversight Committee no later than October 15 annually."

29        **SECTION 17.(b)** G.S. 143-318.10(b) reads as rewritten:

30        "(b) As used in this Article, "public body" means any elected or appointed authority,  
 31 board, commission, committee, council, or other body of the State, or of one or more counties,  
 32 cities, school administrative units, constituent institutions of The University of North Carolina,  
 33 or other political subdivisions or public corporations in the State that (i) is composed of two or  
 34 more members and (ii) exercises or is authorized to exercise a legislative, policy-making,  
 35 quasi-judicial, administrative, or advisory function. In addition, "public body" ~~means the~~ means  
 36 the following:

37           (1) The governing board of a "public hospital" as defined in G.S. 159-39 and the  
 38 G.S. 159-39.

39           (2) The governing board of any nonprofit corporation to which a hospital facility  
 40 has been sold or conveyed pursuant to G.S. 131E-8, any subsidiary of such  
 41 nonprofit corporation, and any nonprofit corporation owning the corporation  
 42 to which the hospital facility has been sold or conveyed.

43           (3) An administering organization as defined in G.S. 115C-407.50(1)."

44        **SECTION 17.(c)** In accordance with the requirement that the memorandum of  
 45 understanding incorporate by reference subsequent changes to statutes made after the parties  
 46 enter into the memorandum of understanding, the Superintendent of Public Instruction shall be  
 47 substituted for the State Board of Education in any memorandum of understanding existing as of  
 48 the date this act becomes law.

49        **SECTION 17.(d)** This section applies beginning with the 2024-2025 school year  
 50 and thereafter.

51

1 **PART XVIII. RECODIFICATION AND REORGANIZATION OF CURRENT**  
2 **INTERSCHOLASTIC ATHLETICS STATUTES**

3 **SECTION 18.(a)** G.S. 115C-12(23), as amended by S.L. 2023-109, reads as  
4 rewritten:

5 "(23) Power to Adopt Rules for Interscholastic Athletic Activities. – The State  
6 Board of Education shall adopt rules governing interscholastic athletic  
7 activities conducted by ~~local boards of education,~~ public school units,  
8 including eligibility for student participation, in accordance with ~~this~~  
9 ~~subdivision and Article 29E of this Chapter. With regard to middle schools~~  
10 ~~and high schools, the rules shall provide for the following:~~

11 a. ~~All coaches, school nurses, athletic directors, first responders,~~  
12 ~~volunteers, students who participate in interscholastic athletic~~  
13 ~~activities, and the parents of those students shall receive, on an annual~~  
14 ~~basis, a concussion and head injury information sheet. School~~  
15 ~~employees, first responders, volunteers, and students must sign the~~  
16 ~~sheet and return it to the coach before they can participate in~~  
17 ~~interscholastic athletic activities, including tryouts, practices, or~~  
18 ~~competition. Parents must sign the sheet and return it to the coach~~  
19 ~~before their children can participate in any such interscholastic athletic~~  
20 ~~activities. The signed sheets shall be maintained in accordance with~~  
21 ~~sub-subdivision d. of this subdivision.~~

22 ~~For the purpose of this subdivision, a concussion is a traumatic~~  
23 ~~brain injury caused by a direct or indirect impact to the head that~~  
24 ~~results in disruption of normal brain function, which may or may not~~  
25 ~~result in loss of consciousness.~~

26 b. ~~If a student participating in an interscholastic athletic activity exhibits~~  
27 ~~signs or symptoms consistent with concussion, the student shall be~~  
28 ~~removed from the activity at that time and shall not be allowed to~~  
29 ~~return to play or practice that day. The student shall not return to play~~  
30 ~~or practice on a subsequent day until the student is evaluated by and~~  
31 ~~receives written clearance for such participation from (i) a physician~~  
32 ~~licensed under Article 1 of Chapter 90 of the General Statutes with~~  
33 ~~training in concussion management, (ii) a neuropsychologist licensed~~  
34 ~~under Article 18A of Chapter 90 of the General Statutes with training~~  
35 ~~in concussion management and working in consultation with a~~  
36 ~~physician licensed under Article 1 of Chapter 90 of the General~~  
37 ~~Statutes, (iii) an athletic trainer licensed under Article 34 of Chapter~~  
38 ~~90 of the General Statutes, (iv) a physician assistant, consistent with~~  
39 ~~the limitations of G.S. 90-18.1, or (v) a nurse practitioner, consistent~~  
40 ~~with the limitations of G.S. 90-18.2.~~

41 e. ~~Each school shall develop a venue specific emergency action plan to~~  
42 ~~deal with serious injuries and acute medical conditions in which the~~  
43 ~~condition of the patient may deteriorate rapidly. The plan shall include~~  
44 ~~a delineation of roles, methods of communication, available~~  
45 ~~emergency equipment, and access to and plan for emergency transport.~~  
46 ~~This plan must be (i) in writing, (ii) reviewed by an athletic trainer~~  
47 ~~licensed in North Carolina, (iii) approved by the principal of the~~  
48 ~~school, (iv) distributed to all appropriate personnel, (v) posted~~  
49 ~~conspicuously at all venues, and (vi) reviewed and rehearsed annually~~  
50 ~~by all licensed athletic trainers, first responders, coaches, school~~

- 1 nurses, athletic directors, and volunteers for interscholastic athletic  
 2 activities.
- 3 d. ~~Each school shall maintain complete and accurate records of its~~  
 4 ~~compliance with the requirements of this subdivision pertaining to~~  
 5 ~~head injuries.~~
- 6 e. ~~All teams participating in interscholastic or intramural athletic~~  
 7 ~~activities shall comply with the following:~~
- 8 1. ~~Each team shall be expressly designated by the biological sex~~  
 9 ~~of the team participants as one of the following:~~
- 10 I. ~~Males, men, or boys.~~  
 11 II. ~~Females, women, or girls.~~  
 12 III. ~~Coed or mixed.~~
- 13 2. ~~Athletic teams designated for females, women, or girls shall~~  
 14 ~~not be open to students of the male sex.~~
- 15 3. ~~For purposes of this sub-subdivision, a student's sex shall be~~  
 16 ~~recognized based solely on the student's reproductive biology~~  
 17 ~~and genetics at birth.~~
- 18 f. ~~A student who is deprived of an athletic opportunity or suffers or is~~  
 19 ~~likely to suffer from any direct or indirect harm as a result of a~~  
 20 ~~violation of sub-subdivision e. of this subdivision may assert that~~  
 21 ~~violation as a cause of action for remedies provided for in~~  
 22 ~~sub-subdivision i. of this subdivision.~~
- 23 g. ~~A student who is subjected to retaliation or other adverse action by a~~  
 24 ~~public school unit, administering organization as defined in~~  
 25 ~~G.S. 115C 407.50, or other organization as a result of reporting a~~  
 26 ~~violation of sub-subdivision e. of this subdivision to an employee or~~  
 27 ~~representative of the public school unit, administering organization, or~~  
 28 ~~to any local, State, or federal agency with oversight of the public~~  
 29 ~~school unit shall have a cause of action for remedies provided for in~~  
 30 ~~sub-subdivision i. of this subdivision.~~
- 31 h. ~~Any public school unit or its representatives or employees who suffer~~  
 32 ~~any direct or indirect harm for complying with sub-subdivision e. of~~  
 33 ~~this subdivision shall have a cause of action for remedies provided for~~  
 34 ~~in sub-subdivision i. of this subdivision.~~
- 35 i. ~~Any person who brings a cause of action pursuant to sub-subdivisions~~  
 36 ~~f. through h. of this subdivision, within two years of the date the harm~~  
 37 ~~occurred, may obtain appropriate relief, including the following:~~
- 38 1. ~~Injunctive relief, protective order, writ of mandamus or~~  
 39 ~~prohibition, or declaratory relief to prevent any violation of~~  
 40 ~~sub-subdivision e. of this subdivision.~~
- 41 2. ~~Actual damages, including for psychological, emotional, or~~  
 42 ~~physical harm, reasonable attorney fees, and costs.~~
- 43 j. ~~The State Board of Education shall monitor middle and high schools~~  
 44 ~~for compliance with sub-subdivision e. of this subdivision. If the~~  
 45 ~~Board finds a school in violation, it shall report the identity of the~~  
 46 ~~school to the Joint Legislative Education Oversight Committee."~~

47 **SECTION 18.(b)** Part 2 of Article 29E of Chapter 115C of the General Statutes, as  
 48 enacted by this act, is amended by adding a new section to read:

49 **"§ 115C-407.57. Rules on concussions and head injuries.**

1       (a)     For the purpose of this section, a concussion is a traumatic brain injury caused by a  
2 direct or indirect impact to the head that results in disruption of normal brain function which may  
3 or may not result in loss of consciousness.

4       (b)     With regard to middle schools and high schools, the State Board of Education shall  
5 adopt rules that provide for the following:

6           (1)     All coaches, school nurses, athletic directors, first responders, volunteers,  
7 students who participate in interscholastic athletic activities, and the parents  
8 of those students shall receive, on an annual basis, a concussion and head  
9 injury information sheet. School employees, first responders, volunteers, and  
10 students must sign the sheet and return it to the coach before they can  
11 participate in interscholastic athletic activities, including tryouts, practices, or  
12 competition. Parents must sign the sheet and return it to the coach before their  
13 children can participate in any such interscholastic athletic activities. The  
14 signed sheets shall be maintained in accordance with subsection (c) of this  
15 section.

16           (2)     If a student participating in an interscholastic athletic activity exhibits signs  
17 or symptoms consistent with a concussion, the student shall be removed from  
18 the activity at that time and shall not be allowed to return to play or practice  
19 that day. The student shall not return to play or practice on a subsequent day  
20 until the student is evaluated by and receives written clearance for such  
21 participation from one of the following:

22           a.     A physician licensed under Article 1 of Chapter 90 of the General  
23 Statutes with training in concussion management.

24           b.     A neuropsychologist licensed under Article 18A of Chapter 90 of the  
25 General Statutes with training in concussion management and working  
26 in consultation with a physician licensed under Article 1 of Chapter 90  
27 of the General Statutes.

28           c.     An athletic trainer licensed under Article 34 of Chapter 90 of the  
29 General Statutes.

30           d.     A physician assistant, consistent with the limitations of G.S. 90-18.1.

31           e.     A nurse practitioner, consistent with the limitations of G.S. 90-18.2.

32       (c)     Each middle and high school shall maintain complete and accurate records of its  
33 compliance with the requirements of this section."

34           **SECTION 18.(c)** Part 2 of Article 29E of Chapter 115C of the General Statutes, as  
35 enacted by this act, is amended by adding a new section to read:

36       "§ 115C-407.58. Emergency action plans.

37       (a)     With regard to middle schools and high schools, the State Board of Education shall  
38 adopt a rule that requires each school to develop a venue-specific emergency action plan to deal  
39 with serious injuries and acute medical conditions in which the condition of the patient may  
40 deteriorate rapidly. The plan shall include a delineation of roles, methods of communication,  
41 available emergency equipment, and access to and plan for emergency transport.

42       (b)     The rule required by subsection (a) of this section shall require the plan to be at least  
43 the following:

44           (1)     In writing.

45           (2)     Reviewed by an athletic trainer licensed in North Carolina.

46           (3)     Approved by the principal of the school.

47           (4)     Distributed to all appropriate personnel.

48           (5)     Posted conspicuously at all venues.

49           (6)     Reviewed and rehearsed annually by all licensed athletic trainers, first  
50 responders, coaches, school nurses, athletic directors, and volunteers for  
51 interscholastic athletic activities."

1           **SECTION 18.(d)** Part 2 of Article 29E of Chapter 115C of the General Statutes, as  
2 enacted by this act, is amended by adding a new section to read:

3 **"§ 115C-407.59. Athletic eligibility.**

4       (a) All teams participating in interscholastic or intramural athletic activities shall comply  
5 with the following:

6           (1) Each team shall be expressly designated by the biological sex of the team  
7 participants as one of the following:

8               a. Males, men, or boys.

9               b. Females, women, or girls.

10              c. Coed or mixed.

11           (2) Athletic teams designated for females, women, or girls shall not be open to  
12 students of the male sex.

13           (3) For purposes of this sub-subdivision, a student's sex shall be recognized based  
14 solely on the student's reproductive biology and genetics at birth.

15       (b) A student who is deprived of an athletic opportunity or suffers or is likely to suffer  
16 from any direct or indirect harm as a result of a violation of subsection (a) of this section may  
17 assert that violation as a cause of action for remedies provided for in subsection (e) of this section.

18       (c) A student who is subjected to retaliation or other adverse action by a public school  
19 unit, administering organization, or other organization as a result of reporting a violation of  
20 subsection (a) of this section to an employee or representative of the public school unit,  
21 administering organization, or to any local, State, or federal agency with oversight of the public  
22 school unit shall have a cause of action for remedies provided for in subsection (e) of this section.

23       (d) Any public school unit or its representatives or employees who suffer any direct or  
24 indirect harm for complying with subsection (a) of this section shall have a cause of action for  
25 remedies provided for in subsection (e) of this section.

26       (e) Any person who brings a cause of action pursuant to subsection (b), (c), or (d) of this  
27 section within two years of the date the harm occurred, may obtain appropriate relief, including  
28 the following:

29           (1) Injunctive relief, protective order, writ of mandamus or prohibition, or  
30 declaratory relief to prevent any violation of subsection (a) of this section.

31           (2) Actual damages, including for psychological, emotional, or physical harm,  
32 reasonable attorney fees, and costs.

33       (f) The State Board of Education shall monitor middle and high schools for compliance  
34 with subsection (a) of this section. If the Board finds a school in violation, it shall report the  
35 identity of the school to the Joint Legislative Education Oversight Committee."

36       **SECTION 18.(e)** G.S. 115C-548.1, as enacted by S.L. 2023-109, reads as rewritten:

37 **"§ 115C-548.1. Athletic teams.**

38       (a) Any private church school or school of religious charter that is a member of an  
39 organization that administers interscholastic athletic activities pursuant to Article 29E of this  
40 Chapter shall comply with ~~G.S. 115C-12(23)~~-G.S. 115C-407.59.

41       (b) Any athletic team organized by a private church school or school of religious charter  
42 at the middle or high school level that is not covered by subsection (a) of this section shall comply  
43 with ~~G.S. 115C-12(23)~~-G.S. 115C-407.59 if the team is playing a team from any school required  
44 to follow ~~G.S. 115C-12(23)~~-Article 29E of this Chapter."

45       **SECTION 18.(f)** G.S. 115C-556.1, as enacted by S.L. 2023-109, reads as rewritten:

46 **"§ 115C-556.1. Athletic teams.**

47       (a) Any qualified nonpublic school that is a member of an organization that administers  
48 interscholastic athletic activities pursuant to Article 29E of this Chapter shall comply with  
49 ~~G.S. 115C-12(23)~~-G.S. 115C-407.59.

50       (b) Any athletic team organized by a qualified nonpublic school at the middle or high  
51 school level that is not covered by subsection (a) of this section shall comply with

1 ~~G.S. 115C-12(23)~~-G.S. 115C-407.59 if the team is playing a team from any school required to  
2 follow ~~G.S. 115C-12(23)~~-Article 29E of this Chapter."  
3

#### 4 **PART XIX. IMPLEMENTATION OF INTERSCHOLASTIC ATHLETICS RULES**

5 **SECTION 19.(a)** The State Board of Education shall review and adopt new or  
6 revised temporary rules on interscholastic athletics for use in the 2024-2025 school year in  
7 accordance with the requirements of Article 29E of Chapter 115C of the General Statutes, as  
8 enacted by this act. Prior to final adoption of the temporary rules and no later than January 15,  
9 2024, the State Board of Education shall consult with the Joint Legislative Commission on  
10 Governmental Operations. The request for consultation shall consist of a copy of the text of the  
11 rules being considered for adoption to the Commission. If the Commission does not hold a  
12 meeting to hear the consultation required by this subsection within 30 days after the submission  
13 of the text of the rules being considered for adoption, the consultation requirement is satisfied.

14 **SECTION 19.(b)** The State Board of Education shall adopt new or revised  
15 permanent rules for use beginning with the 2025-2026 school year and thereafter.

16 **SECTION 19.(c)** The Superintendent of Public Instruction shall assume the role of  
17 the State Board of Education in any current memorandum of understanding, effective the date  
18 this act becomes law.

19 **SECTION 19.(d)** The Superintendent of Public Instruction, in consultation with any  
20 administering organization, shall study and make findings and recommendations on the  
21 following issues and report on its findings and recommendations to the Joint Legislative  
22 Education Oversight Committee by April 1, 2024:

- 23 (1) Whether an administering organization should be responsible for overseeing  
24 the conduct of middle school interscholastic athletics for public school units.  
25 The Superintendent shall include in the deliberations an examination of the  
26 potential costs to public school units for oversight of middle school  
27 interscholastic athletics by an administering organization. The Superintendent  
28 shall establish workgroups of athletic directors, principals, and coaches  
29 employed by schools serving students in grades six through eight and parents  
30 of students in grades six through eight to provide input on this  
31 recommendation.
- 32 (2) Factors that should be considered in (i) home school students' participation in  
33 interscholastic athletics, including how to address insurance and liability  
34 issues for those students while participating in interscholastic athletics, (ii)  
35 cooperative innovative high school students' participation in interscholastic  
36 athletics, and (iii) nonpublic schools. The Superintendent shall establish  
37 workgroups of athletic directors, principals, and parents of students in home  
38 schools, cooperative innovative high schools, and nonpublic schools to  
39 provide input on this recommendation.

40 **SECTION 19.(e)** Notwithstanding the requirements of G.S. 115C-407.75, as  
41 enacted by this act, all public school units shall submit the first annual interscholastic athletic  
42 report to the Superintendent of Public Instruction and the State Board of Education no later than  
43 July 15, 2025, and shall include data from the 2020-2021, 2021-2022, 2022-2023, 2023-2024,  
44 and 2024-2025 school years.

#### 45 **PART XX. CONFORMING CHANGE TO INTERSCHOLASTIC ATHLETICS** 46 **STATUTES**

47 **SECTION 20.(a)** G.S. 143-318.10(b) reads as rewritten:

48 "(b) As used in this Article, "public body" means any elected or appointed authority,  
49 board, commission, committee, council, or other body of the State, or of one or more counties,  
50 cities, school administrative units, constituent institutions of The University of North Carolina,  
51

1 or other political subdivisions or public corporations in the State that (i) is composed of two or  
2 more members and (ii) exercises or is authorized to exercise a legislative, policy-making,  
3 quasi-judicial, administrative, or advisory function. In addition, "public body" ~~means the~~ means  
4 the following:

5 (1) The governing board of a "public hospital" as defined in ~~G.S. 159-39 and the~~  
6 G.S. 159-39.

7 (2) The governing board of any nonprofit corporation to which a hospital facility  
8 has been sold or conveyed pursuant to G.S. 131E-8, any subsidiary of such  
9 nonprofit corporation, and any nonprofit corporation owning the corporation  
10 to which the hospital facility has been sold or conveyed.

11 (3) An administering organization as defined in G.S. 115C-407.50(1)."

12 **SECTION 20.(b)** This section is effective July 1, 2024.

13  
14 **PART XXI. EFFECTIVE DATE**

15 **SECTION 21.** Except as otherwise provided, this act is effective when it becomes  
16 law.