

March 14, 2007

H 738. CUSTODIAL AGREEMENTS & CLEARING CORP. ACT. Filed 3/14/07. *TO ADOPT THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' MODEL ACT ON CUSTODIAL AGREEMENTS AND CLEARING CORPORATIONS.*

Enacts new Part 2 of Article 5 of GS Chapter 58 authorizing insurance companies to hold and transfer securities without the physical delivery of securities certificates. Authorizes a domestic insurance company to deposit securities held in its general account in a clearing corporation. Allows the ownership of securities to be transferred by bookkeeping entry on the books of the clearing corporation. Designates GS 58-5-1 through 58-5-125 as Part 1 of Article 5 of GS Chapter 58 and enacts new Part 2 authorizing securities qualified for deposit by domestic insurance companies and those related to deposits of securities as a condition of doing insurance business in this state to be deposited with a clearing corporation. Provides for the withdraw and recording of these securities. Effective October 1, 2008.

Intro. by Goforth, Holliman.

GS 58

June 25, 2008

H 738. INSURANCE CHANGES (NEW). Filed 3/14/07. Senate committee substitute deletes the provisions of the 1st edition and replaces it with *AN ACT TO REQUIRE UNINSURED AND UNDERINSURED MOTORIST COVERAGE; MAKE TECHNICAL CHANGES TO INSURANCE FINANCIAL PROVISIONS; AMEND THE UNAUTHORIZED INSURER LAWS; MAKE TECHNICAL CHANGES TO THE RATE EVASION LAW TO CLARIFY THAT IT APPLIES ONLY TO PRIVATE PASSENGER VEHICLES AND TO ADD A TERMINATION RESTRICTION CONSISTENT WITH G.S. 58-37-50 TO CLARIFY THAT THE RATE EVASION LAW APPLIED TO CEDED AND UNCEDED POLICIES; REVISE MANAGED CARE AND HMO RECORD RETENTION LAWS; MAKE CHANGES TO THE HEALTH INSURANCE RISK POOL LAWS; STRENGTHEN PROFESSIONAL EMPLOYER ORGANIZATION PROTECTIONS; MAKE CHANGES TO THE LAW GOVERNING THE CODE OFFICIALS QUALIFICATION BOARD; PROHIBIT FREE INSURANCE; AND TO MAKE OTHER MISCELLANEOUS CHANGES.*

Part I of the new bill amends GS 20-279.21 to provide that motor vehicle insurance (1) must include uninsured/underinsured motorist coverage except for policies available only to commercial vehicles and (2) provide minimum and maximum values for such coverage. Amends GS 20-279.21 to require that insurers provide certain information regarding such coverage to insureds. Insurers who fail to provide the required information are subject to a civil penalty under GS 58-2-70. Effective January 1, 2009.

Part II of the new bill makes technical changes to the statutes governing the financial solvency of insurance companies. Amends GS 58-5-71 to define *special deposit claims*. Amends GS 58-7-75 to require non-stock life insurance companies to have a paid-in initial surplus of \$1.5 million and a minimum surplus of \$750,000 and to require non-stock accident and health insurance companies to have a paid-in initial surplus of \$1 million and a minimum surplus of \$500,000.

Part III of the new bill enacts new GS 58-28-13 forbidding transacting insurance business in North Carolina without a license. Enacts new GS 58-28-14 providing for monetary penalties against violators. Sets out definitions in new GS 58-38-12.

Part IV of the new bill makes technical changes to the rate evasion laws.

Part V of the new bill amends GS 58-50-61 and GS 58-50-62 to require managed care organizations to keep certain records for up to five years (compared to three years under current law). Amends GS 58-67-50(e) to require data to be provided to the Commissioner in accordance with the Healthcare Effectiveness Data and Information Set guidelines published by the National Committee for Quality Assurance.

Part VI of the new bill (1) makes technical changes to the statutes governing the Health Insurance Risk Pool Board, (2) provides that coverage under the Pool shall cease if the individual commits fraud under the terms of the coverage, and (3) eliminates or reduces the exclusion for pre-existing conditions for certain individuals. Effective October 1, 2008.

Part VII of the new bill (1) alters the amount of the surety bond that must be posted by professional employer organizations (PEOs), (2) prohibits PEOs from self-insuring employee

health benefits, and (3) repeals GS 58-89A-10, which created the PEO advisory council. Also amends GS 58-89A-105 to require PEO health insurance plans to be insured by a licensed insurance company, a medical service corporation, or a health maintenance organization. Existing licensees must comply by October 1, 2009. Sets out compliance requirements in the meantime. Effective October 1, 2008.

Part VIII of the new bill allows the Code Officials Qualification Board to contract with third parties to develop and administer required exams, courses related to the exams, and other services. The third parties may charge a reasonable fee, not more than \$175 per applicant, to administer the examinations and review the applicant's credentials.

Part IX of the new bill enacts new Article 44 of GS Chapter 66 to prohibit anyone from offering, providing, or advertising free or discounted insurance against damage, loss, or theft as an inducement to purchase consumer goods; a violation is an unfair trade practice.

Part X of the bill makes a technical change effective October 1, 2008.

June 26, 2008

H 738. INSURANCE CHANGES. Filed 3/14/07. Senate amendment makes the following changes to 2nd edition.

Inserts GS 58-3-191(a) managed care reporting and disclosure requirements, under *Part X. Miscellaneous Changes* and amends GS 58-3-191(a) to change the date on which each health benefit plan must annually file required information in the office of the Commissioner of Insurance to May 1 of each year (was, March 1). Renumbers the remaining bill sections accordingly.

June 30, 2008

H 738. INSURANCE CHANGES. Filed 3/14/07. Senate amendment makes the following changes to 2nd edition, as amended. Amends GS 75-104(b) to allow the use of an automatic dialing and recorded message player to make an unsolicited call by, or on behalf of, a health insurer that provides the telephone subscriber or other covered family member with health coverage or the administration of health coverage, as long as the call is providing information related to the individual's health care, preventive services, medication, or other covered benefits.

July 29, 2008

SL 2008-124 (H 738). INSURANCE CHANGES. AN ACT TO REQUIRE UNINSURED AND UNDERINSURED MOTORIST COVERAGE; MAKE TECHNICAL CHANGES TO INSURANCE FINANCIAL PROVISIONS; AMEND THE UNAUTHORIZED INSURER LAWS; MAKE TECHNICAL CHANGES TO THE RATE EVASION LAW TO CLARIFY THAT IT APPLIES ONLY TO PRIVATE PASSENGER VEHICLES AND TO ADD A TERMINATION RESTRICTION CONSISTENT WITH G.S. 58-37-50 TO CLARIFY THAT THE RATE EVASION LAW APPLIES TO CEDED AND UNCEDED POLICIES; REVISE MANAGED CARE AND HMO RECORD RETENTION LAWS; MAKE CHANGES TO THE HEALTH INSURANCE RISK POOL LAWS; STRENGTHEN PROFESSIONAL EMPLOYER ORGANIZATION PROTECTIONS; MAKE CHANGES TO THE LAW GOVERNING THE CODE OFFICIALS QUALIFICATION BOARD; PROHIBIT FREE INSURANCE; AND TO MAKE OTHER MISCELLANEOUS CHANGES. Summarized in *Daily Bulletin* 6/25/08, 6/26/08, and 6/30/08. Enacted July 28, 2008. Part I is effective January 1, 2009. Parts VI, VII, and IX are effective October 1, 2008. The remainder is effective July 28, 2008.