

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 594

Short Title: Miscellaneous Ins. Changes.

(Public)

Sponsors: Senator Miller.

Referred to: Insurance.

March 29, 1999

A BILL TO BE ENTITLED

1 AN ACT TO CLARIFY THE LAWS ON TITLE INSURANCE RATE MAKING,
2 COMMERCIAL GENERAL LIABILITY POLICY EXTENDED REPORTING,
3 AND INSURANCE FRAUD; TO MAKE A TECHNICAL CORRECTION IN THE
4 LITTERING LAW; AND TO PROVIDE FOR UNIFORM APPLICATION OF NEW
5 LAWS TO HEALTH BENEFIT PLANS.
6

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 58-41-10(a) reads as rewritten:

9 "(a) Except as otherwise provided, this Article applies to all kinds of insurance
10 authorized by G.S. 58-7-15(4) through (14) and G.S. 58-7-15(18) through (22), and to all
11 insurance companies licensed by the Commissioner to write those kinds of insurance.
12 This Article does not apply to insurance written under Articles 21, 26, 36, 37, 45 or 46 of
13 this Chapter; insurance written for residential risks in conjunction with insurance written
14 under Article 36 of this Chapter; to marine insurance as defined in G.S. 58-40-15(3); to
15 personal inland marine insurance; to aviation insurance; to policies issued in this State
16 covering risks with multistate locations, except with respect to coverages applicable to
17 locations within this State; to any town or county farmers mutual fire insurance
18 association restricting its operations to not more than six adjacent counties in this State;
19 nor to domestic insurance companies, associations, orders, or fraternal benefit societies
20 doing business in this State on the assessment plan."

1 Section 2. G.S. 58-40-140(a) reads as rewritten:

2 "(a) Any policy for commercial general liability coverage or professional liability
3 insurance wherein the insurer offers, and the insured elects to purchase, an extended
4 reporting period for claims arising during the expiring policy period must provide:

5 (1) That in the event of a cancellation permitted by G.S. 58-41-15 or
6 nonrenewal effective under G.S. 58-41-20, there shall be a 30-day
7 period after the effective date of the cancellation or nonrenewal during
8 which the insured may elect to purchase coverage for the extended
9 reporting period.

10 (2) That the limit of liability in the policy aggregate for the extended
11 reporting period shall be one hundred percent (100%) of the expiring
12 policy ~~aggregate~~ aggregate that was in effect at the inception of the
13 policy.

14 (3) Within 45 days after the mailing or delivery of the written request of the
15 insured, the insurer shall mail or deliver the following loss information
16 covering a three-year period:

- 17 a. Aggregate information on total closed claims, including date and
18 description of occurrence, and any paid losses;
19 b. Aggregate information on total open claims, including date and
20 description of occurrence, and amounts of any payments;
21 c. Information on notice of any occurrence, including date and
22 description of occurrence."

23 Section 3. G.S. 58-2-161(a) reads as rewritten:

24 "(a) For the purposes of this section:

25 (1) ~~'Insurer' includes an entity under Articles 49 and 65 through 67 of this~~
26 ~~Chapter, the Teachers' and State Employees' Comprehensive Major~~
27 ~~Medical Plan under Chapter 135 of the General Statutes, and an~~
28 ~~employer or group of employers that insure its workers' compensation~~
29 ~~liability under Chapter 97 of the General Statutes.~~ 'Insurer' has the same
30 meaning as in G.S. 58-1-5(3) and also includes:

- 31 a. Any hull insurance and protection and indemnity club operating
32 under Article 20 of this Chapter.
33 b. Any surplus lines insurer operating under Article 21 of this
34 Chapter.
35 c. Any risk retention group or purchasing group operating under
36 Article 22 of this Chapter.
37 d. Any local government risk pool operating under Article 23 of
38 this Chapter.
39 e. Any risk sharing plan operating under Article 42 of this Chapter.
40 f. The North Carolina Insurance Underwriting Association
41 operating under Article 45 of this Chapter.
42 g. The North Carolina Joint Insurance Underwriting Association
43 operating under Article 46 of this Chapter.

- 1 h. The North Carolina Insurance Guaranty Association operating
2 under Article 48 of this Chapter.
- 3 i. Any multiple employer welfare arrangement operating under
4 Article 49 of this Chapter.
- 5 j. The North Carolina Life and Health Insurance Guaranty
6 Association operating under Article 62 of this Chapter.
- 7 k. Any service corporation operating under Article 65 of this
8 Chapter.
- 9 l. Any health maintenance organization operating under Article 67
10 of this Chapter.
- 11 m. The Teachers' and State Employees' Comprehensive Major
12 Medical Plan operating under Chapter 135 of the General
13 Statutes.
- 14 n. Any reinsurer licensed or accredited under this Chapter.

- 15 (2) 'Statement' includes any application, notice, statement, proof of loss, bill
16 of lading, receipt for payment, invoice, account, estimate of property
17 damages, bill for services, diagnosis, prescription, hospital or doctor
18 records, X rays, test result, or other evidence of loss, injury, or
19 expense."

20 Section 4. G.S. 14-399(f1) reads as rewritten:

21 "(f1) If a violation of this section involves the operation of a motor vehicle, upon a
22 finding of guilt, the court shall forward a record of the finding to the Department of
23 Transportation, Division of Motor Vehicles, which shall record a penalty of one point on
24 the violator's drivers license pursuant to the point system established by G.S. 20-16.
25 There shall be no insurance premium surcharge or assessment of points under the
26 classification plan adopted pursuant to ~~G.S. 58-30.4~~ under G.S. 58-36-65 for a finding of
27 guilt under this section."

28 Section 5. Article 3 of Chapter 58 of the General Statutes is amended by
29 adding a new section to read:

30 "**§ 58-3-167. Applicability of acts of the General Assembly to health benefit plans.**

31 (a) As used in this section:

- 32 (1) 'Health benefit plan' means an accident and health insurance policy or
33 certificate; a nonprofit hospital or medical service corporation contract;
34 a health maintenance organization subscriber contract; a plan provided
35 by a multiple employer welfare arrangement; or a plan provided by
36 another benefit arrangement, to the extent permitted by the Employee
37 Retirement Income Security Act of 1974, as amended, or by any waiver
38 of or other exception to that act provided under federal law or
39 regulation. 'Health benefit plan' does not mean any plan implemented or
40 administered by the North Carolina or United States Department of
41 Health and Human Services, or any successor agency, or its
42 representatives. 'Health benefit plan' does not mean any of the
43 following kinds of insurance:

- 1 a. Accident.
2 b. Credit.
3 c. Disability income.
4 d. Long-term or nursing home care.
5 e. Medicare supplement.
6 f. Specified disease.
7 g. Dental or vision.
8 h. Coverage issued as a supplement to liability insurance.
9 i. Workers' compensation.
10 j. Medical payments under automobile or homeowners.
11 k. Hospital income or indemnity.
12 l. Insurance under which benefits are payable with or without
13 regard to fault and that is statutorily required to be contained in
14 any liability policy or equivalent self-insurance.
15 (2) 'Insurer' includes an insurance company subject to this Chapter, a
16 service corporation organized under Article 65 of this Chapter, a health
17 maintenance organization organized under Article 67 of this Chapter,
18 and a multiple employer welfare arrangement subject to Article 49 of
19 this Chapter.
20 (b) Whenever a law is enacted by the General Assembly that applies to health
21 benefit plans that are delivered, issued for delivery, or renewed on and after a certain
22 date, the renewal of a health benefit plan is presumed to occur on each anniversary of the
23 date on which coverage was first effective on the person or persons covered by the health
24 benefit plan."
25 Section 6. This act becomes effective October 1, 1999.