

NORTH CAROLINA GENERAL ASSEMBLY  
1963 SESSION

CHAPTER 1125  
SENATE BILL 462

1 AN ACT AUTHORIZING AND REGULATING JOINT ACTION BY INSURERS IN  
2 INSURING PERSONS 65 YEARS OF AGE AND OVER AND THEIR SPOUSES  
3 AGAINST FINANCIAL LOSS RESULTING FROM ACCIDENT AND SICKNESS.  
4

5 WHEREAS, it is desirable to provide a means of more adequately meeting the  
6 needs of residents in this State who are 65 years of age and over and their spouses for insurance  
7 coverage against financial loss from accident and sickness; and

8 WHEREAS, the hospitalization and medical insurance needs of such residents can  
9 be met effectively through joint action of insurers and by encouraging insurers to exercise their  
10 collective efforts in offering said insurance; and

11 WHEREAS, such joint action by insurers should be regulated by the State in  
12 accordance with the intent of Congress as expressed in the Act of Congress of March 9, 1945  
13 (Public Law 15, 79th Congress), as amended: Now, therefore,

14  
15 The General Assembly of North Carolina do enact:  
16

17 **Section 1.** Chapter 58 of the General Statutes of North Carolina is hereby amended  
18 by inserting therein a new Article immediately after Article 26 thereof, to be designated as  
19 Article 26A and to read as follows:  
20

"ARTICLE 26A.

21 Over 65 Accident and Health Insurance.

22 **§ 58-255.1. Definitions.** Wherever used in this Article, the following terms shall have the  
23 respective meanings hereinafter set forth or indicated, unless the context otherwise requires:

24 (a) 'Association' means a voluntary unincorporated association formed for the sole  
25 purpose of enabling joint and cooperative action to provide accident and health insurance in  
26 accordance with this Article in this or any other State having legislation enabling the issuance  
27 of insurance of the type provided in this Article.

28 (b) 'Insurer' means any insurance company which is authorized under this Chapter to  
29 transact accident and health insurance business in this State.

30 **§ 58-255.2. Joint Action to Insure Persons 65 Years of Age and Over and Their Spouses**  
31 **Permitted.** Notwithstanding any other provisions of this Chapter or any other law which may be  
32 inconsistent herewith, any insurer may join with one or more other insurers to plan, develop,  
33 underwrite, offer, sell and provide to or for any resident person of this State, or of another State  
34 if permitted by the laws of such other State, who is 65 years of age or over and to the spouse of  
35 such person, insurance against financial loss from accident or sickness, or both. Such insurance  
36 may be offered, issued and administered through an association of two or more insurers which  
37 association is formed for the purpose of offering, selling, issuing and administering such  
38 insurance, and may be in the form of a policy insuring a resident who is 65 years of age or  
39 older, and the spouse of such resident, if any, or in the form of a group policy insuring residents  
40 65 years of age or older and the spouses of such residents, or in both forms. On such insurance  
41 each insurer shall be severally liable for a percentage of the risks determined under the articles  
42 of association of the association. The insurer members of such association may agree with  
43 respect to premium rates, policy provisions, commission rates and other matters within the

1 scope of this Article. Notwithstanding the provisions of G.S. 58-44, any policy providing such  
2 insurance may be executed on behalf of the insurers or the association, as the case may be, by a  
3 duly authorized person and need not be countersigned by a resident agent.

4 **§ 58-255.3. Regional Plans Authorized.** If 'Over 65' accident and health insurance plans exist  
5 or hereafter come into existence in other states pursuant to legislative authority similar to that  
6 herein given, North Carolina insurers may jointly participate with insurers of such other states  
7 in forming a regional plan to carry out the purposes of this Article. Any association formed for  
8 the operation of a regional plan shall be exempt from the provisions of G.S. 58-36 and may  
9 engage in business in North Carolina through its insurer members only, without being  
10 separately licensed.

11 **§ 58-255.4. Forms of Policies Specially Approved by the Commissioner of Insurance.** The  
12 forms of the policies, applications, certificates or other evidence of insurance coverage and the  
13 rate manual showing rates, rules and classification of risks applicable thereto shall be subject to  
14 the applicable provisions of G.S. 58-249. The Commissioner may disapprove the premium  
15 rates for such insurance, or any class thereof, if he finds that such rates are by reasonable  
16 assumptions excessive in relation to the benefits provided. In determining whether such rates  
17 by reasonable assumptions are excessive in relation to the benefits provided, the Commissioner  
18 shall give due consideration to past and prospective claim experience on such insurance, or  
19 other comparable insurance, within and outside this State, and to fluctuations in such claim  
20 experience, to a reasonable risk charge, to contribution to surplus and contingency funds, to  
21 past and prospective expenses, both within and outside this State, and to all other relevant  
22 factors within and outside this State, including any differing operating methods of the insurers  
23 joining in the issue of such insurance. In the event of any such disapproval, the decision of the  
24 Commissioner shall be subject to review under G.S. 58-9.3. In exercising the powers conferred  
25 by this Section, the Commissioner shall not be bound by any other requirements of this Chapter  
26 with respect to standard provisions required to be included in the forms of the policies,  
27 applications, certificates or other evidence of insurance coverage filed with the Commissioner.

28 **§ 58-255.5. Powers Conferred and Filing Required.** An association formed for the purposes  
29 of this Article shall adopt articles of association for the organization, administration and  
30 regulation of its affairs, which articles of association and any amendments thereto shall be filed  
31 within thirty (30) days of adoption of same with the Commissioner of Insurance.

32 Such association may establish requirements for membership of insurers, hold title to  
33 property, incur expenses for advertising, soliciting and administering such insurance, including  
34 payment of salary or compensation to persons employed by it, enter into contracts, limit the  
35 liability of and among its members, and shall be subject to the provisions of G.S. 1-69.1.

36 Such association shall file annually with the Commissioner of Insurance, on such date and  
37 in such form as the Commissioner may prescribe, a statement with respect to its operations.

38 For the purpose of implementing joint action of insurers in furnishing accident and health  
39 insurance coverage to persons 65 years of age and older and their spouses, in accordance with  
40 the intent of this Act as expressed herein, insurers operating on a mutual plan, or on any other  
41 membership basis, may participate in such a plan, and the persons insured through the plan  
42 shall not be entitled to membership in any such insurer nor shall they be entitled to any  
43 dividend rights, voting rights, or any other rights peculiar to mutual insurance policyholders  
44 and participants in membership insurance plans.

45 **§ 58-255.6. No Special Licensing Required.** Accident and health insurance authorized by this  
46 Article and offered by or through an association formed for the purpose of this Article may be  
47 solicited and offered directly by such association, any insurer member of such association, and  
48 by or through any person authorized by the North Carolina Insurance Department to sell  
49 accident and health insurance in this State, without any additional license being required."

50 **Sec. 2.** All laws and clauses of laws in conflict with this Act are hereby repealed.

51 **Sec. 3.** This Act shall be in full force and effect from and after its ratification.

1  
2 1963.

In the General Assembly read three times and ratified, this the 24th day of June,