

NORTH CAROLINA GENERAL ASSEMBLY
1979 SESSION

CHAPTER 628
HOUSE BILL 1301

AN ACT TO PROVIDE FOR THE EXPENDITURE OF INSURANCE COMPANY
DEPOSITS FOR THE BENEFIT AND PROTECTION OF POLICYHOLDERS OF
CERTAIN INSOLVENT CASUALTY INSURANCE COMPANIES.

The General Assembly of North Carolina enacts:

Section 1. Article 17B of Chapter 58 of the General Statutes is hereby amended by adding after G.S. 58-155.59 a new section to be enumerated G.S. 58-155.60 and to read as follows:

"§ 58-155.60. **Use of deposits made by insolvent insurer.** — Notwithstanding any other provision of Chapter 58 of the General Statutes pertaining to the use of deposits made by insurance companies for the protection of policyholders, the Commissioner shall deliver to the Association, and the Association is hereby authorized to expend, any deposit or deposits previously or hereinafter made, whether or not required by statute, by an insolvent insurer to the extent those deposits are needed by the Association first to pay the covered claims in excess of one hundred dollars (\$100.00) as required by this Article and then to the extent those deposits are needed to pay all expenses of the Association relating to the insurer.

However, in the case of a deposit made by an insolvent domestic insurer, only the portions of the deposit made for the protection of policyholders having covered claims shall be delivered by the Commissioner to the Association. Said portions shall be in the proportions that the insolvent domestic insurer's domestic net direct written premiums for the preceding calendar year on the kinds of insurance in the account bears to its total net direct written premiums for the preceding calendar year on the kinds of insurance in the account.

The Association shall account to the Commissioner and the insolvent insurer for all deposits received from the Commissioner hereunder, and shall repay to the Commissioner a portion of the deposits received which shall be equal to an amount computed by adding the lesser of the amount of the covered claim or one hundred dollars (\$100.00) for each covered claim. Said repayment shall in no way prejudice the rights of the Association with regard to the portion of the deposit repaid to the Commissioner. After all of the deposits of the insolvent insurer have been expended by the Association for the purposes set out in this section, the member insurers shall be assessed as provided by this Article to pay any remaining liabilities of the Association arising under this Article."

Sec. 2. This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 23rd day of May, 1979.