

NORTH CAROLINA GENERAL ASSEMBLY
1969 SESSION

CHAPTER 1032
HOUSE BILL 1132

1 AN ACT TO PREVENT LENDING INSTITUTIONS FROM USING COERCIVE
2 MEASURES AGAINST THE BORROWER IN THE SELECTION OF INSURANCE
3 COMPANIES.
4

5 The General Assembly of North Carolina do enact:
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7 **Section 1.** No person, firm, or corporation engaged in lending money on the
8 security of real or personal property, and no trustee, director, officer, agent, employee, affiliate,
9 or associate, of any such person, firm, or corporation, shall either directly or indirectly require
10 or impose as a condition precedent:

- 11 (a) to financing the purchase of such property, or
12 (b) to lending money upon the security of a mortgage, deed of trust, or other security
13 instrument, or
14 (c) for the renewal or extension of any such loan, mortgage, or deed of trust or
15 (d) for the performance of any other act in connection therewith; that such person, firm,
16 or corporation, (i) for whom such purchase is to be financed, or (ii) to whom the money is to be
17 loaned, or (iii) for whom such extension, renewal, or other act is to be granted, negotiate,
18 procure, or otherwise obtain any policy of insurance or renewal, or extension thereof, covering
19 such property, or a security interest therein, by or through a particular insurance company,
20 agent, broker, or other person so specified or otherwise designated in any manner by the
21 lenders, or their agents or employees or affiliated or related companies.

22 **Sec. 2.** Although the lender and other persons aforementioned in Section 1 may not
23 specify or designate as a condition precedent a particular insurance company or agent, those
24 persons, firms, or corporations engaged in lending money may approve the insurer selected by
25 the borrower on a reasonable, nondiscriminatory basis, related to the solvency of the company
26 and the type and provisions of policy coverage.

27 **Sec. 3.** The Superior Court, on complaint by any person that this Act is being
28 violated, may issue an injunction against such violation and may fine all persons, firms,
29 corporations, and officers, directors, trustees, agents, employees, or affiliates of such up to two
30 thousand dollars (\$2,000) per person for such violation. In event of a disregard of such
31 injunction or other court order, the Superior Court shall hold such parties in contempt and
32 prescribe such further penalties as the court in its discretion shall so determine.

33 **Sec. 4.** All laws and clauses of laws in conflict with this Act are hereby repealed.

34 **Sec. 5.** This Act will be effective upon ratification.

35 In the General Assembly read three times and ratified, this the 25th day of June.

36 1969.