

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 441
SENATE BILL 464

AN ACT TO MAKE CORRECTIONS TO AND IMPROVEMENTS IN LAWS DEALING WITH COMMERCIAL PROPERTY AND LIABILITY INSURANCE; AND TO AMEND THE LOCAL GOVERNMENT RISK POOL ACT TO PROVIDE FOR COMPREHENSIVE FINANCIAL MONITORING OF POOLS BY THE COMMISSIONER OF INSURANCE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-472(a) is amended by deleting the word "nor", changing the period to a semicolon in the last phrase, and by adding the following:

"to any town or county farmers mutual fire insurance association restricting its operations to not more than five counties in this State that are adjacent to the county in which its home office is located; nor to domestic insurance companies, associations, orders, or fraternal benefit societies doing business in this State on the assessment plan."

Sec. 2. G.S. 58-472(a) is amended by substituting for "to marine and" the following: "to marine insurance as defined in G.S. 58-131.36(3); to".

Sec. 3. G.S. 58-474 is amended in the catch line by inserting "rate" between "premium" and "increase".

Sec. 4. G.S. 58-474 is amended by redesignating subsections (d) and (e) as subsections (e) and (f) and by adding a new subsection (d) to read:

"(d) Except as provided in G.S. 58-475, whenever an insurer lowers coverage limits or raises deductibles or premium rates other than at the request of the policyholder, the insurer shall give the policyholder written notice of such change at least 30 days in advance of the effective date of the change."

Sec. 5. G.S. 58-475 is amended in the catch line by inserting "rate" between "premium" and "or".

Sec. 6. G.S. 58-475(a) is amended by adding a sentence at the end to read:

"This section applies only if the insurer intends to decrease coverage, increase deductibles, or increase the premium rate in the renewal policy."

Sec. 7. G.S. 58-480(a) and (b) are each amended by rewriting the text of the first two lines to read:

"With the exception of inland marine insurance that is not written according to manual rates and rating plans,".

Sec. 8. G.S. 58-131.39(a) is amended by rewriting the text of the first two lines to read:

"With the exception of inland marine insurance that is not written according to manual rates and rating plans, every admitted".

Sec. 9. G.S. 58-480(b) is amended by adding a sentence, at the end, to read:

"Any filing may become effective on a date earlier than that specified in this subsection upon agreement between the Commissioner and the filer."

Sec. 10. G.S. 58-480(c) is amended by adding a sentence, at the end, to read:

"The filer may then remedy the defects in the filing. An otherwise defective filing thus remedied shall be deemed to be a proper filing, except that all periods of time specified in this Article will run from the date the Commissioner receives additional or amended documents necessary to remedy all material defects in the filing."

Sec. 11. G.S. 58-131.44(a) is amended by inserting between "has" and "filed" the following: "obtained a license from and".

Sec. 12. G.S. 58-131.45(a) is amended by inserting between "shall" and "file" the following: "obtained a license from and".

Sec. 13. G.S. 58-131.53 is amended by substituting "G.S. 58-9.2 or 58-9.7" for "G.S. 58-131.54".

Sec. 14. G.S. 58-491 is amended by adding a new sentence, at the end, to read:

"Such local governments shall give the Commissioner 30 days' advance written notification, in a form prescribed by the Commissioner, that they intend to organize and operate risk pools pursuant to this Article."

Sec. 15. G.S. 58-495 is amended by rewriting the catch line to read:

"Financial monitoring and evaluation of pools" and by rewriting the third, fourth, and fifth sentences to read:

"The provisions of G.S. 58-16, 58-17, 58-18, 58-21, 58-22, 58-25, 58-25.1, 58-27, and 58-63 apply to each pool and to persons that administer pools for local governments. Annual financial statements required by G.S. 58-21 shall be filed by each pool within 60 days after the end of the pool's fiscal year."

Sec. 16. G.S. 58-496(a) is amended by rewriting the second sentence to read:

"If the pool fails to comply with the recommendations within 30 days after the date of the notice, the Commissioner may apply to the Superior Court of Wake County for an order requiring the pool to abate the deficiency and authorizing the Commissioner to appoint one or more special deputy commissioners, counsel, clerks, or assistants to oversee the implementation of the Court's order. The compensation and expenses of such persons shall be fixed by the Commissioner, subject to the approval of the Court, and shall be paid out of the funds or assets of the pool."

Sec. 17. G.S. 58-496(b) is amended by rewriting the last sentence to read:

"Members of a pool may, by contract, agree to limit the assessment to the amount of each member's annual contribution to the pool. Such a contractual agreement shall not impair the authority granted the Commissioner by this section."

Sec. 18. G.S. 58-498 is amended by substituting "Articles 3 and 4" for "Article 3".

Sec. 19. Sections 3 and 4 of this act shall become effective August 1, 1987. The remaining sections of this act are effective upon ratification.

In the General Assembly read three times and ratified this the 22nd day of June, 1987.