
§ 58-47-60. Definitions.

As used in this part:

(1) "Act" means the Workers' Compensation Act in Article 1 of Chapter 97 of the General Statutes, as amended.

(2) "Affiliate" has the same meaning as in G.S. 58-19-5(1).

(3) "Annual statement filing" means the most recent annual filing made with the Commissioner under G.S. 58-2-165.

(4) "Board" means the board of trustees or other governing body of a group.

(5) "Books and records" means all files, documents, and databases in a paper form, electronic medium, or both.

(6) "Control" means "control" as defined in G.S. 58-19-5(2).

(7) "GAAP financial statement" means a financial statement as defined by generally accepted accounting principles.

(8) "Group" means two or more employers who agree to pool their workers' compensation liabilities under the Act and are licensed under this Part.

(9) "Hazardous financial condition" means that, based on its present or reasonably anticipated financial condition, a person is insolvent or, although not financially impaired or insolvent, is unlikely to be able:
   a. To meet obligations for known claims and reasonably anticipated claims; or
   b. To pay other obligations in the normal course of business.

(10) "Member" means an employer that participates in a group.

(11) "Qualified actuary" means a member in good standing of the Casualty Actuarial Society or a member in good standing of the American Academy of Actuaries, who has been approved as qualified for signing casualty loss reserve opinions by the Casualty Practice Council of the American Academy of Actuaries, and is in compliance with G.S. 58-2-171.

(12) "Rate" means the cost of insurance per exposure unit, whether expressed as a single number or as a prospective loss cost with an adjustment to account for the treatment of expenses, profit, and variations in loss experience, before any application of individual risk variations based on loss or expense considerations, and does not include minimum premiums.

(13) "Service company" means an entity that has contracted with an employer or group for the purpose of providing any services related to claims adjustment, loss control, or both.

(14) "Third-party administrator" or "TPA" means a person engaged by a board to execute the policies established by the board and to provide day-to-day management of the group. "Third-party administrator" or "TPA" does not mean:
   a. An employer acting on behalf of its employees or the employees of one or more of its affiliates.
   b. An insurer that is licensed under this Chapter or that is acting as an insurer with respect to a policy lawfully issued and delivered by it and under the laws of a state in which the insurer is licensed to write insurance.
   c. An agent or broker who is licensed by the Commissioner under Article 33 of this Chapter whose activities are limited exclusively to the sale of insurance.
d. An adjuster licensed by the Commissioner under Article 33 of this Chapter whose activities are limited to adjustment of claims.

e. An individual who is an officer, a member, or an employee of a board.

(15) "Underwriting" means the process of selecting risks and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify. (1997-362, s. 3; 2001-223, s. 21.1.)