

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1999**

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HOUSE BILL 1699  
Committee Substitute Favorable 6/7/00  
Committee Substitute #2 Favorable 6/20/00

Short Title: Insurance License Fees/Reciprocity/AB.

(Public)

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Sponsors:

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Referred to:

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May 25, 2000

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO EQUALIZE RESIDENT AND NONRESIDENT INSURANCE BROKER  
3 LICENSE FEES; TO MAKE NORTH CAROLINA INSURANCE PRODUCER  
4 LICENSING LAWS COMPLY WITH THE RECIPROCITY REQUIREMENTS IN  
5 THE FEDERAL GRAMM-LEACH-BLILEY ACT, PUBLIC LAW 106-102; TO  
6 AMEND THE MINIMUM EDUCATION REQUIREMENTS FOR THE  
7 DEPARTMENT OF INSURANCE FINANCIAL EXAMINER AND ANALYST  
8 APPLICANTS; TO AMEND THE DEFINITION OF "PERSON" IN THE BEACH  
9 AND FAIR PLAN LAWS; TO AMEND THE DEFINITION OF "BRANCH  
10 OFFICE" IN THE MOTOR CLUB LAWS; TO INCREASE THE BOND AMOUNT  
11 FOR MANUFACTURED HOUSING LICENSEES; TO REQUIRE NOTIFICATION  
12 TO THE MANUFACTURED HOUSING BOARD FROM MANUFACTURED  
13 HOUSING LICENSEES OF CHANGES IN OWNERSHIP CONTROL AND  
14 BANKRUPTCIES; AND TO EXPEDITE BUILDING PLAN REVIEWS BY  
15 EXEMPTING REVIEWS OF COUNTY AND CITY BUILDINGS COMPRISING  
16 FEWER THAN TEN THOUSAND SQUARE FEET.

17 The General Assembly of North Carolina enacts:

18                   Section 1. G.S. 58-33-125(a) reads as rewritten:

1       "(a) The following table indicates the annual fees that are required for the  
2 respective licenses issued, renewed, or cancelled under this Article and Article 21 of this  
3 Chapter:

4	Adjuster \$ 75.00	
5	Adjuster, crop hail only	20.00
6	Agent appointment cancellation (paid by insurer)	10.00
7	Agent appointment, individual	20.00
8	Agent appointment, nonindividual	50.00
9	Agent appointment, Medicare supplement	
10	and long-term care, individual	10.00
11	Agent appointment, Medicare supplement	
12	and long-term care, nonindividual	20.00
13	Agent, overseas military	20.00
14	Broker, nonresident	<del>100.00</del>
15	<u>50.00</u>	
16	Broker, resident	50.00
17	Limited representative	20.00
18	Limited representative cancellation (paid by	
19	insurer) 10.00	
20	Motor vehicle damage appraiser	75.00
21	Recertification, continuing education	5.00
22	Surplus lines licensee, corporate	50.00
23	Surplus lines licensee, individual	50.00

24       These fees are in lieu of any other license fees. Fees paid by an insurer on behalf of a  
25 person who is licensed or appointed to represent the insurer shall be paid to the  
26 Commissioner on a quarterly or monthly basis, in the discretion of the Commissioner.  
27 The recertification fee in this subsection shall be paid by persons subject to G.S. 58-33-  
28 130 at the time they renew their licenses or appointments under G.S. 58-33-130(c)."

29       Section 2. Article 33 of Chapter 58 of the General Statutes is amended by  
30 adding a new section to read:

31 **"§ 58-33-32. Interstate reciprocity in producer licensing.**

32       (a) The purpose of this section is to make North Carolina insurance producer  
33 licensing comply with the reciprocity requirements in the federal Gramm-Leach-Bliley  
34 Act, Public Law 106-102. This section does not apply to surplus lines licensees in  
35 Article 21 of this Chapter, except as provided in subsections (c) and (d) of this section.

36       (b) As used in this section:

37       (1) 'Home state' means the District of Columbia and any state or territory of  
38 the United States in which an insurance producer maintains a principal  
39 place of residence or principal place of business and is licensed to act as  
40 an insurance producer.

41       (2) 'Insurance producer' or 'producer' means a person required to be  
42 licensed under this Article to sell, solicit, or negotiate insurance.

- 1           (3) 'License' means a document issued by the Commissioner authorizing a  
2 person to act as an insurance producer for the kinds of insurance  
3 specified in the document. The license itself does not create any  
4 authority, actual, apparent, or inherent, in the holder to represent or  
5 commit to an insurance carrier.
- 6           (4) 'Limited line credit insurance' includes any type of credit insurance  
7 written under Article 57 of this Chapter, mortgage life, mortgage  
8 guaranty, mortgage disability, automobile dealer gap insurance, and any  
9 other form of insurance offered in connection with an extension of  
10 credit that is limited to partially or wholly extinguishing that credit  
11 obligation and that the Commissioner determines should be designated a  
12 form of limited line credit insurance.
- 13           (5) 'Limited line credit insurance producer' means a person who sells,  
14 solicits, or negotiates one or more forms of limited line credit insurance  
15 coverage to individuals through a master, corporate, group, or individual  
16 policy.
- 17           (6) 'Negotiate' means the act of conferring directly with or offering advice  
18 directly to a purchaser or prospective purchaser of a particular contract  
19 of insurance concerning any of the substantive benefits, terms, or  
20 conditions of the contract, provided that the person engaged in that act  
21 either sells insurance or obtains insurance from insurers for purchasers.
- 22           (7) 'Sell' means to exchange a contract of insurance by any means, for  
23 money or its equivalent, on behalf of an insurance company.
- 24           (8) 'Solicit' means attempting to sell insurance or asking or urging a person  
25 to apply for a particular kind of insurance from a particular company.
- 26           (9) 'Uniform Application' means the most recent version of the NAIC  
27 Uniform Application for resident and nonresident producer licensing.
- 28           (10) 'Uniform Business Entity Application' means the most recent version of  
29 the NAIC Uniform Business Entity Application for a resident and a  
30 nonresident corporation, association, partnership, limited liability  
31 company, limited liability partnership, or other legal entity.
- 32       (c) Unless denied licensure under G.S. 58-33-30 or G.S. 58-33-50, a nonresident  
33 person shall receive a nonresident producer license if:
- 34           (1) The person is currently licensed as a resident and in good standing in  
35 that person's home state;
- 36           (2) The person has submitted the proper request for licensure and has paid  
37 the fees required by G.S. 58-33-125;
- 38           (3) The person has submitted or transmitted to the Commissioner the  
39 application for licensure that the person submitted to that person's home  
40 state, or in lieu of the same, a completed Uniform Application or  
41 Uniform Business Entity Application; and
- 42           (4) The person's home state awards nonresident producer licenses to  
43 residents of this State on the same basis.

1       The Commissioner may verify the producer's licensing status through the producer  
2 database maintained by the NAIC or affiliates or subsidiaries of the NAIC.

3       (d) Notwithstanding any other provision of this section, a person licensed as a  
4 surplus lines producer in that person's home state shall receive a nonresident surplus lines  
5 license pursuant to the provisions of this section. Except for the licensure provisions of  
6 this section, nothing in this section otherwise amends or supersedes any provision of  
7 Article 21 of this Chapter.

8       (e) Notwithstanding any other provision of this section, a person licensed or  
9 registered as a viatical settlement broker, viatical settlement provider, or viatical  
10 settlement representative, as defined in G.S. 58-58-42(a), in that person's home state shall  
11 receive a nonresident viatical settlement broker, viatical settlement provider, or viatical  
12 settlement representative license pursuant to this section. Except for the licensure  
13 provisions of this section, nothing in this section otherwise amends or supersedes any  
14 provision of G.S. 58-58-42.

15       (f) Notwithstanding any other provision of this section, a person licensed as a  
16 limited line credit insurance producer or other type of insurance producer in that person's  
17 home state shall receive a nonresident limited lines producer license pursuant to the  
18 provisions of this section, granting the same scope of authority as granted under the  
19 license issued by the producer's home state.

20       (g) An individual who applies for an insurance producer license in this State who  
21 was previously licensed for the same kinds of insurance in that individual's home state  
22 shall not be required to complete any prelicensing education or examination. This  
23 exemption is available only if:

24           (1) The applicant is currently licensed in the applicant's home state; or

25           (2) The application is received within 90 days after the cancellation of the  
26 applicant's previous license and the applicant's home state issues a  
27 certification that, at the time of cancellation, the applicant was in good  
28 standing in that state; or

29           (3) The home state's producer database records, maintained by the NAIC or  
30 affiliates or subsidiaries of the NAIC, indicate that the producer is or  
31 was licensed in good standing for the kind of insurance requested.

32       (h) The Commissioner shall not assess a greater fee for an insurance license or  
33 related service to a nonresident producer based solely on the fact that the producer does  
34 not reside in this State.

35       (i) The Commissioner shall waive any license application requirements for a  
36 nonresident license applicant with a valid license from the applicant's home state, except  
37 the requirements imposed by subsection (c) of this section, if the applicant's home state  
38 awards nonresident licenses to residents of this State on the same basis.

39       (j) A nonresident producer's satisfaction of the nonresident producer's home state's  
40 continuing education requirements for licensed insurance producers shall constitute  
41 satisfaction of this State's continuing education requirements if the nonresident producer's  
42 home state recognizes the satisfaction of its continuing education requirements imposed  
43 upon producers from this State on the same basis.

1       (k) A producer shall report to the Commissioner any administrative action taken  
2 against the producer in another state or by another governmental agency in this State  
3 within 30 days after the final disposition of the matter. This report shall include a copy of  
4 the order or consent order and other relevant legal documents.

5       (l) Within 30 days after the initial pretrial hearing date, a producer shall report to  
6 the Commissioner any criminal prosecution of the producer taken in any state. The  
7 report shall include a copy of the initial complaint filed, the order resulting from the  
8 hearing, and any other relevant legal documents."

9       Section 3. G.S. 58-33-30(h)(2)b. reads as rewritten:

10       "b. ~~A~~Except as provided in G.S. 58-33-32, a nonresident of this  
11 State may be licensed without taking an otherwise required  
12 written examination if the Commissioner~~insurance regulator~~ of  
13 the state of the applicant's residence certifies that the applicant  
14 has passed a similar written examination or has been a  
15 continuous holder, prior to the time such written examination  
16 was required, of a license like the license being applied for in this  
17 State."

18       Section 4. G.S. 58-2-25(b) reads as rewritten:

19       "(b) The minimum education requirements for financial analysts and examiners  
20 referred to in subsection (a) of this section are a bachelors degree, with the appropriate  
21 courses in accounting as defined in 21 NCAC 8A.0309, and other courses that are  
22 required to qualify the applicant as a candidate for the uniform certified public accountant  
23 examination, based on the examination requirements in effect at the time of ~~employment~~  
24 ~~by the Department of the analyst or examiner.~~ graduation by the analyst or examiner from an  
25 accredited college or university."

26       Section 5. Article 45 of Chapter 58 of the General Statutes is amended by  
27 adding a new section to read:

28 **"§ 58-45-6. Persons who can be insured by the Association.**

29       As used in this Article, 'person' includes any county, city, or other political  
30 subdivision of the State of North Carolina."

31       Section 6. Article 46 of Chapter 58 of the General Statutes is amended by  
32 adding a new section to read:

33 **"§ 58-46-2. Persons who can be insured by the Association.**

34       As used in this Article, 'person' includes any county, city, or other political  
35 subdivision of the State of North Carolina."

36       Section 7. G.S. 58-69-2(1) reads as rewritten:

37       "(1) 'Branch or district office' means any physical location, other than a  
38 motor club's home office, ~~where the motor club or its representatives~~  
39 ~~conduct~~ office, that is used by the motor club or its representatives as a  
40 principal place of business for conducting any type of business  
41 authorized under this Article.~~Article~~ and as a place of business that is  
42 used by clients or prospective clients in meeting or dealing with the

1                    motor club or its representatives in the normal course of business  
2                    authorized under this Article."

3                    Section 8. G.S. 143-143.12(a) reads as rewritten:

4                    "(a) A person licensed as a manufactured home salesperson shall not be required to  
5 furnish a bond, but each applicant approved by the Board for license as a manufacturer,  
6 dealer, or set-up contractor shall furnish a corporate surety bond, cash bond or fixed value  
7 equivalent in the following amounts:

8                    (1) For a manufacturer, two thousand dollars (\$2,000) per manufactured  
9 home manufactured in the prior license year, up to a maximum of one  
10 hundred thousand dollars (\$100,000). When no manufactured homes  
11 were produced in the prior year, the amount required shall be based on  
12 the estimated number of manufactured homes to be produced during the  
13 current year.

14                    (2) For a dealer who has ~~four or less places~~ one place of business, the amount  
15 shall be ~~twenty-five-thirty-five thousand dollars (\$25,000) (\$35,000)~~.

16                    (3) For a dealer who has more than ~~four places~~ one place of business, the  
17 amount shall be ~~fifty thousand dollars (\$50,000)~~ twenty-five thousand  
18 dollars (\$25,000) for each additional place of business.

19                    (4) For a set-up contractor, the amount shall be ~~five-ten thousand dollars~~  
20 ~~(\$5,000) (\$10,000)~~. "

21                    Section 9. G.S. 143-143.11A reads as rewritten:

22 **"§ 143-143.11A. Notification of change of ~~address; service of notice.~~ address, control of**  
23 **ownership, and bankruptcy.**

24                    (a) Every applicant for a license shall inform the Board of the applicant's business  
25 address. Every licensee shall give written notification to the Board of any change in the  
26 licensee's business address, for whatever reason, within 10 business days after the  
27 licensee moves to a new address or a change in the address takes place. A violation of  
28 this subsection shall not constitute grounds for revocation, suspension, or non-renewal of  
29 a license or for the imposition of any other penalty by the Board.

30                    (b) Notwithstanding any other provision of law, whenever the Board is authorized  
31 or required to give notice to a licensee under this Article, the notice may be delivered  
32 personally to the licensee or sent by first-class mail to the licensee at the address provided  
33 to the Board under subsection (a) of this section. Notice shall be deemed given four days  
34 after mailing, and any Department employee may certify that notice has been given.

35                    (c) Every person licensed under this Article, except for a person licensed as a  
36 manufactured home salesperson, shall give written notification to the Board of any  
37 change in ownership or control of the licensee's business within 30 business days after  
38 the change. A 'change in ownership or control' means the sale or conveyance of the  
39 capital stock of the business or of an owner's interest in the business, which operates to  
40 place a person or group of persons, not previously in control of the business, in effective  
41 control of the business. A violation of this subsection shall not constitute grounds for  
42 revocation, suspension, or nonrenewal of a license or for the imposition of any other  
43 penalty by the Board.

1       (d) Upon the filing for protection under the United States Bankruptcy Code by any  
2 licensee, or by any business in which the licensee holds a position of employment,  
3 management or ownership, the licensee shall notify the Board of the filing of protection  
4 within three business days after the filing. Upon the appointment of a receiver by a court  
5 of this State for any licensee, or for any business in which the licensee holds a position of  
6 employment, management, or ownership the licensee shall notify the Board of the  
7 appointment within three business days after the appointment."

8               Section 10. G.S. 58-31-40 reads as rewritten:

9 **"§ 58-31-40. Commissioner to inspect State property; plans submitted.**

10       (a) ~~It is the duty of the Commissioner at least once in each year, or oftener, if deemed~~  
11 ~~necessary, to~~ The Commissioner shall, at least once every year or more often if the  
12 Commissioner considers it necessary, visit, inspect, and thoroughly examine each State  
13 ~~institution or other every State property with a view to its~~ to analyze and determine its  
14 protection from fire, as well as to the safety of its inmates or the property therein including the  
15 property's occupants or contents. in case of fire, and call to the attention of the board or officer  
16 ~~having the same~~ The Commissioner shall notify the agency or official in charge of the  
17 property of any defect noted by him the Commissioner or any improvement deemed  
18 considered by the Commissioner to be necessary.

19       (b) ~~No agency board, commission, superintendent, or other person or persons~~  
20 ~~authorized and or directed by law to select plans a plan and erect buildings a building for~~  
21 ~~the use of the State of North Carolina or any institution thereof, State institution shall~~  
22 receive and approve of the plan until it is submitted to and approved by the  
23 Commissioner as to the safety of the proposed building from fire, including the property's  
24 occupants or contents. No agency or person authorized or directed by law to select a plan  
25 or erect a building comprising 10,000 square feet or more for the use of any county, city,  
26 ~~or incorporated town or school district shall receive and approve of any plans the plan until~~  
27 ~~they are it is submitted to and approved by the Commissioner of Insurance of the State as to~~  
28 the safety of the proposed buildings building from fire, as well as the protection of the  
29 ~~inmates in case of fire, including the property's occupants or contents."~~

30               Section 11. Sections 8 and 9 of this act become effective September 1, 2000.  
31 The remainder of this act is effective when it becomes law.