



# HOUSE BILL 287: Amend Insurance Laws.-AB

**This Bill Analysis  
reflects the contents  
of the bill as it was  
presented in  
committee.**

2015-2016 General Assembly

<b>Committee:</b>	House Insurance	<b>Date:</b>	April 13, 2015
<b>Introduced by:</b>	Reps. Setzer, Bumgardner	<b>Prepared by:</b>	Tim Hovis
<b>Analysis of:</b>	PCS to First Edition H287-CSR-2		Committee Counsel

**SUMMARY:** House Bill 287 makes various statutory changes recommended by the Department of Insurance.

*The PCS changes the title.*

**BILL ANALYSIS:** G.S. 58-7-37(a) was changed during the legislative session to remove the requirement for control individuals to submit, along with fingerprints, "a recent photograph." This was due to the fact that the SBI no longer requires a photograph. **Section 1** will make the Professional Employer Organizations (PEO) statute consistent with the General Domestic Companies statute.

**Section 2** updates the law pertaining to domestic security deposits (G.S. 58-5-55) to include a deposit requirement for domestic "non-stock insurance companies" organized pursuant to G.S. 58-7-75(1a). G.S. 58-5-55 addresses the deposit requirements for stock and mutual companies, but it does not address the requirement for non-stock companies.

**Section 3** updates language in G.S. 58-64-80 referencing the "North Carolina Association of Non-Profit Homes for the Aging". (NCANPHA). NCANPHA is now called the "LeadingAge North Carolina."

**Section 4** requires insurers in an expedited external review process to provide information to the Commissioner within one day as opposed to one "business" day.

**Section 5** would increase the penalties from a Class H to a Class C felony for an insurance fiduciary who causes the cancellation of a group health or life insurance policy by failing to pay premiums if the resulting losses are \$100,000 or more.

**Section 6** would allow proof of financial responsibility (auto liability insurance) for registration to be demonstrated in a physical or electronic format.

**Section 7** would allow insurers to write coverage within a policy jointly as long as the policy identifies the company responsible for each coverage.

**Section 8** would create a new section allowing automobile insurers to file individually with the Commissioner for approval optional enhancements to their automobile or homeowners' policies. These enhancements could then be offered as an endorsement to an automobile policy. Any additional premium resulting from the enhancement must be included with the proposed enhancement filed with the Commissioner and must be reviewed by the Commissioner to ensure that the additional premium is based on sound actuarial principles. The acceptance or renewal of a policy may not be conditioned upon the acceptance by a policyholder of an optional enhancement.



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This section specifically provides that any rate amendment based on the enhancement is not a rate deviation under current law. Under current law, G.S. 58-36-30(a), proposed rate deviations must be filed with the Commissioner and the Rate Bureau and approved by the Commissioner.

Under the bill, optional enhancements would be outside the jurisdiction of the Rate Bureau.

**Section 9** would require the Department of Insurance to study and evaluate the need for and impact of modernization of regulatory processes related to health insurance premium rates. The bill would appropriate from the Insurance Regulatory Fund \$150,000 for the 2015-2016 fiscal year to conduct the study.

**EFFECTIVE DATE:** Section 4 of the act would become effective January 1, 2016. Section 8 of the act would become effective July 1, 2015 and applies to enhancements filed on or after that date. The remaining sections would become effective upon becoming law.