



HOUSE BILL 382: Insurance Technical Corrections.

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

2017-2018 General Assembly

Committee:	House Insurance	Date:	April 11, 2017
Introduced by:	Reps. Setzer, Bumgardner, Henson, Destin Hall	Prepared by:	Kristen L. Harris Committee Co-Counsel
Analysis of:	PCS to First Edition H382-CSTU-7		

OVERVIEW: *The Proposed Committee Substitute to House Bill 382 would make various technical, clarifying, and other changes to North Carolina's insurance laws as recommended by the Department of Insurance.*

[As introduced, this bill was identical to S293, as introduced by Sens. Meredith, Newton, Dunn, which is currently in Senate Rules and Operations of the Senate.]

BILL ANALYSIS:

Section 1.(a) would revise the loan to value limitations for an insurer's investments in mortgage loans to be more consistent with current lending practices and the NAIC Model Investment Law.

Section 1.(b) would make Section 1 effective January 1, 2018.

Sections 2.(a) and (b) would make clarifying changes to the North Carolina Captive Insurance Act by changing the term "investigation" to the term "audit" and the term "survey" to "review".

Section 2.(c) would specify the process and timeframe in which any change in executive officers or directors of a captive insurance company is deemed approved by the Commissioner.

Section 3 would amend the Insurance Holding Company System Regulatory Act to clarify that the prohibition on the amount of investments in subsidiaries of the regulated entity also applies to affiliates of the regulated entity.

Section 4.(a) would clarify that the North Carolina Surplus Lines Association (NCSLA) is the regulatory support organization for surplus lines.

Section 4.(b) would specify that a surplus lines agent procures surplus lines contracts and would make a technical change by deleting "property broker's" and inserting "property and casualty".

Section 4.(c) would make a conforming change to the number of years a surplus lines licensee must keep a record of each contract to be consistent with 11 NCAC 19.0102.

Section 4.(d) would clarify that a surplus lines licensee, not the Department, is responsible for returning any State-credited taxes to the policyholder.

Section 5 would make a conforming change by allowing notification to a producer of his or her termination to be given in a form prescribed by the Commissioner.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House PCS 382

Page 2

Section 6 would require bail bondsmen and runners to complete three hours of continuing education credits by June 30th of every year, however, there would be a waiver for newly-licensed individuals for their first year.

Section 7 would make a technical change by deleting "North Carolina Manufactured Housing Institute" and inserting "North Carolina Manufactured and Modular Homebuilders Association".

EFFECTIVE DATE: Section 1 becomes effective January 1, 2018. The remainder of the act is effective when it becomes law.

** The Department of Insurance contributed to this summary.*