



SENATE BILL 489: Clarify Workers' Comp. Policy Cancellation.

2017-2018 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	April 25, 2017
Introduced by:	Sens. Bishop, Daniel, Clark	Prepared by:	Bill Patterson
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: Senate 489 would deem delivery of a notice of cancellation of a workers' compensation insurance policy complete within three days of sending it if the insurer also sends the notice by first-class mail and by electronic means on the same day to the insured and any other person designated in the policy to receive notice. The bill would also require the insurer to provide notice by first-class mail to any person to whom the insurer has provided a certificate of insurance within three business days of the cancellation.

CURRENT LAW:

Pursuant to G.S. 58-36-105(b), a workers' compensation insurance policy cannot be cancelled unless the insured is given written notice of the insurer's intent to cancel the policy at least 15 days before the proposed effective cancellation date. The required notice can be sent by registered or certified mail, return receipt requested, or by any method for service permitted under Rule 4 of the North Carolina Rules of Civil Procedure. If the insurer sends the notice by registered or certified mail, return receipt requested, the cancellation is not effective until that method of delivery is employed and completed.

G.S. 58-2-255(b) provides that, except for cancellation, termination, or nonrenewal of workers' compensation policies, any insurance law requirement that a communication be provided to a party, provided by means of a specific delivery method, or retained by an insurer, is satisfied if the insurer complies with the Uniform Electronic Transactions Act, Article 40 of Chapter 66 of the General Statutes.

ANALYSIS: Section 1 of the PCS would amend G.S. 58-36-105(b) to provide that a notice of intent to cancel a workers' compensation policy sent by registered or certified mail, return receipt requested, is conclusively presumed completed three days after the notice is sent if, on the same day the notice is sent by registered or certified mail, return receipt requested, the insurer also sends the notice by first-class mail and by electronic means¹ to the insured and any other person designated in the policy to receive notice. For the limited purpose of establishing this conclusive presumption, delivery of the supplemental notice by electronic means would be effective, notwithstanding G.S. 58-2-255(b). The insurer would also be required to provide notice within three days of cancellation to any person to whom the insurer has provided a certificate of insurance pursuant to G.S. 97-19.

EFFECTIVE DATE: This act is effective when it becomes law and applies to notices of cancellation of workers' compensation policy sent on or after that date.

¹ Under G.S. 58-2-255(a) "delivered by electronic means" includes any of the following:

- Delivery to an electronic mail address or an electronic account at which a party has consented to receive electronic communications.
- Displaying information, or a link to information, as an essential step to completing the transaction to which such information relates.
- Providing notice to a party at the electronic mail address or an electronic account at which the party has consented to receive notice of the posting of a communication on an electronic network or site.

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