



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

2017-2018 General Assembly

Committee:		Date:	August 11, 2017
Introduced by:		Prepared by:	Bill Patterson Staff Attorney
Analysis of:	S.L. 2017-150		

OVERVIEW: *S.L. 2017-150 provides that an insurer's delivery of a notice of cancellation of a workers' compensation insurance policy will be deemed to have been completed within three days of having been sent if the insurer also sends it on the same day by first-class mail and by electronic means to the insured and to any other person designated in the policy to receive notice. The act also provides that if the deputy commissioner or commissioner who conducted the hearing is unable to decide the case and issue an award, the Commission is authorized to appoint another deputy commissioner or commissioner to do so. This act became effective July 20, 2017, and applies to notices of cancellation sent on or after that date and to claims pending on or after that date.*

CURRENT LAW:

In order to cancel a workers' compensation policy, the insured must be given written notice of the insurer's intent to cancel 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.

Except for cancellation, termination, or nonrenewal of workers' compensation policies, when any State insurance law requires that a communication be provided to a party in writing, signed by a party, provided by means of a specific delivery method, or retained by an insurer, the requirement is satisfied if the insurer complies with the Uniform Electronic Transactions Act.

Disputed workers' compensation claims may be heard by the Industrial Commission, any Commission member, or a deputy commissioner. When a claim is assigned for hearing to a deputy commissioner, the deputy is required to proceed to a complete determination of the matters in dispute and cause to be issued an award pursuant to such determination.

ANALYSIS:

Section 1 provides 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 it was sent if, on the same day it was sent by registered or certified mail, return receipt requested, the insurer also sends the notice by first-class mail and by electronic means to the insured and to any other person designated in the policy to receive notice. Section 1 also provides that delivery of the supplemental notice by electronic means is effective for the limited purpose of establishing this conclusive presumption.

Section 2 provides that an insurer's compliance with the Uniform Electronic Transactions Act will be deemed to satisfy any State insurance law requirement that a communication involving cancellation, termination, or non-renewal of a workers' compensation policy be provided to a party in writing, signed by a party, provided by means of a specific delivery method, or retained by an insurer.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

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Section 3 provides that in the event that the deputy commissioner or commissioner who heard the parties and their representatives and witnesses is unable to determine the matters in dispute and issue an award, the Commission may assign another member or deputy commissioner to do so.

EFFECTIVE DATE: This act became effective July 20, 2017, and applies to notices of cancellation sent on or after that date and to claims pending on or after that date.