SENATE BILL 452

Short Title:	NC Department of Insurance Omnibus .-AB	(Public)
Sponsors:	Senators Johnson, Craven, and Britt (Primary Sponsors).	
Referred to:	Rules and Operations of the Senate	

April 3, 2023

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE INSURANCE LAWS OF NORTH CAROLINA, AS RECOMMENDED BY THE DEPARTMENT OF INSURANCE.

The General Assembly of North Carolina enacts:

PART I. SURPLUS LINES ACT CLARIFYING CHANGES

SECTION 1.(a) G.S. 58-21-10 reads as rewritten:

"**§ 58-21-10. Definitions.**

As used in this Article:

(1) ~~"Admitted insurer" means an~~ Admitted insurer. – An insurer licensed to engage in the business of insurance in this State.

(1a) ~~"Affiliate" means, with~~ Affiliate. – With respect to an insured, includes any entity that controls, is controlled by, or is under common control with the insured.

(1b) ~~"Affiliated group" means any~~ Affiliated group. – Any group of entities that are all affiliated.

(2) ~~"Capital", as~~ Capital. – As used in the financial requirements of G.S. 58-21-20, ~~means~~ includes funds paid in for stock or other evidence of ownership.

(2a) ~~"Control" means an~~ Control. – An entity ~~that~~ has ~~'control'~~ control over another entity if either of the following occurs:

a. The entity directly or indirectly or acting through one or more other persons owns, controls, or has the power to vote twenty-five percent (25%) or more of any class of voting securities of the other entity.

b. The entity controls in any manner the election of a majority of the directors or trustees of the other entity.

(3) ~~"Eligible surplus lines insurer" means an~~ Eligible surplus lines insurer. – An alien insurer as defined in G.S. 58-21-17, a nonadmitted domestic surplus lines insurer, or a nonadmitted insurer with which a surplus lines licensee may place surplus lines insurance under G.S. 58-21-20.

(4) ~~"Export" means to~~ Export. – To place surplus lines insurance with a nonadmitted domestic surplus lines insurer or a nonadmitted insurer.

(4a) ~~"Nonadmitted domestic surplus lines insurer" means an~~ Nonadmitted domestic surplus lines insurer. – An insurer that is domiciled in and authorized pursuant to G.S. 58-21-21 to transact surplus lines insurance in this State.

(5) ~~"Nonadmitted insurer" means an~~ Nonadmitted insurer. – An insurer not licensed to do an insurance business in this State. "Nonadmitted insurer" includes insurance exchanges authorized under the laws of various states. "Nonadmitted insurer" does not include a risk retention group, as defined in G.S. 58-22-10(10).

(6) ~~"Producing broker" means an~~ Producing broker. – An insurance producer licensed under Article 33 of this Chapter who deals directly with the party seeking insurance and who may also be a surplus lines licensee.

(6a) ~~"Salary protection insurance" means insurance~~ Salary protection insurance. – Insurance against financial loss caused by the cessation of earned income because of disability from sickness, ailment, or bodily injury.

(7) ~~"Surplus", as~~ Surplus. – As used in the financial requirements of G.S. 58-21-20, ~~means~~ includes funds over and above liabilities and capital of the company for the protection of policyholders.

(8) ~~"Surplus lines insurance" means any~~ Surplus lines insurance. – Any insurance in this State of risks resident, located, or to be performed in this State, permitted to be placed through a surplus lines licensee with a nonadmitted domestic surplus lines insurer or a nonadmitted insurer eligible to accept ~~such~~ that insurance, including salary protection insurance. The term does not include ~~reinsurance, commercial aircraft insurance, wet marine and transportation insurance, insurance independently procured pursuant to G.S. 58-28-5, life and accident or health insurance, and annuities.~~any of the following:

a. Reinsurance.
b. Commercial aircraft insurance.
c. Insurance of property and operations of railroads engaged in interstate or foreign commerce.
d. Wet marine and transportation insurance.
e. Insurance independently procured pursuant to G.S. 58-28-5.
f. Life and accident or health insurance, and annuities.
g. Personal and commercial automobile liability insurance required to be written by licensed insurers pursuant to G.S. 58-37-5, excluding excess automobile liability insurance.

(9) ~~"Surplus lines licensee" means a~~ Surplus lines licensee. – A person licensed under G.S. 58-21-65 to place insurance on risks resident, located, or to be performed in this State with a nonadmitted domestic surplus lines insurer or with nonadmitted insurers eligible to accept ~~such~~ that insurance.

(10) ~~"Wet marine and transportation insurance" means any~~ Wet marine and transportation insurance. – Includes any of the following:

…

e. Ocean marine insurance, as defined in G.S. 58-48-20."

SECTION 1.(b) G.S. 58-21-40 reads as rewritten:

"**§ 58-21-40. Surplus lines regulatory support organization.**

(a) The North Carolina Surplus Lines Association (NCSLA) shall serve as the regulatory support organization of surplus lines licensees and shall carry out the following functions:

…

(5) Provide other services to its members that are incidental or related to the purposes of the association.

…."

SECTION 1.(c) G.S. 58-21-85 reads as rewritten:

"**§ 58-21-85. Surplus lines tax.**

…

(b) ~~At the same time that he files his quarterly report as set forth in G.S. 58-21-80, each surplus lines licensee shall pay the premium receipts tax due for the period covered by the report.~~Payment of the premium receipts tax shall be due:

(1) For risk purchasing groups, at the same time the licensee files a quarterly report with the Commissioner.

(2) For surplus lines insurers receiving invoices issued by the North Carolina Surplus Lines Stamping Office SLIP system, 30 days after the end of each quarter.

…."

PART II. ADJUSTMENT TO AGE REQUIREMENT FOR MANDATORY COLORECTAL CANCER SCREENING COVERAGE

SECTION 2.(a) G.S. 58-3-179 reads as rewritten:

"**§ 58-3-179. Coverage for colorectal cancer screening.**

(a) Every health benefit plan, as defined in G.S. 58-3-167, shall provide coverage for colorectal cancer examinations and laboratory tests for cancer, in accordance with the most recently published American Cancer Society guidelines or guidelines adopted by the North Carolina Advisory Committee on Cancer Coordination and Control for colorectal cancer screening, for any nonsymptomatic covered individual who is:

(1) At least ~~50~~ 45 years of age, or

(2) Less than ~~50~~ 45 years of age and at high risk for colorectal cancer according to the most recently published colorectal cancer screening guidelines of the American Cancer Society or guidelines adopted by the North Carolina Advisory Committee on Cancer Coordination and Control.

The same deductibles, coinsurance, and other limitations as apply to similar services covered under the plan apply to coverage for colorectal examinations and laboratory tests required to be covered under this section.

…."

SECTION 2.(b) This section becomes effective October 1, 2023, and applies to insurance contracts issued, renewed, or amended on or after that date.

PART III. TECHNICAL CORRECTION TO REFLECT COMPENDIUM NAME CHANGE

SECTION 3.(a) G.S. 58-51-59 reads as rewritten:

"**§ 58-51-59. Coverage of certain prescribed drugs for cancer treatment.**

(a) No policy or contract of accident or health insurance, and no preferred provider benefit plan under G.S. 58-50-56, that is issued, renewed, or amended on or after January 1, 1994, and that provides coverage for prescribed drugs approved by the federal Food and Drug Administration for the treatment of certain types of cancer shall exclude coverage of any drug on the basis that the drug has been prescribed for the treatment of a type of cancer for which the drug has not been approved by the federal Food and Drug Administration. The drug, however, must be approved by the federal Food and Drug Administration and must have been proven effective and accepted for the treatment of the specific type of cancer for which the drug has been prescribed in any one of the following established reference compendia:

…

(2) The ~~ThomsonMicromedex DrugDex;~~Micromedex DrugDex System;

…."

SECTION 3.(b) G.S. 58-65-94 reads as rewritten:

"**§ 58-65-94. Coverage of certain prescribed drugs for cancer treatment.**

(a) No insurance certificate or subscriber contract under any hospital service plan or medical service plan governed by this Article and Article 66 of this Chapter, and no preferred provider benefit plan under G.S. 58-50-56, that is issued, renewed, or amended on or after January 1, 1994, and that provides coverage for prescribed drugs approved by the federal Food and Drug Administration for the treatment of certain types of cancer shall exclude coverage of any drug on the basis that the drug has been prescribed for the treatment of a type of cancer for which the drug has not been approved by the federal Food and Drug Administration. The drug, however, must be approved by the federal Food and Drug Administration and must have been proven effective and accepted for the treatment of the specific type of cancer for which the drug has been prescribed in any one of the following established reference compendia:

…

(2) The ~~ThomsonMicromedex DrugDex;~~Micromedex DrugDex System;

…."

SECTION 3.(c) G.S. 58-67-78 reads as rewritten:

"**§ 58-67-78. Coverage of certain prescribed drugs for cancer treatment.**

(a) No health care plan written by a health maintenance organization and in force, issued, renewed, or amended on or after January 1, 1994, and that provides coverage for prescribed drugs approved by the federal Food and Drug Administration for the treatment of certain types of cancer shall exclude coverage of any drug on the basis that the drug has been prescribed for the treatment of a type of cancer for which the drug has not been approved by the federal Food and Drug Administration. The drug, however, must be approved by the federal Food and Drug Administration and must have been proven effective and accepted for the treatment of the specific type of cancer for which the drug has been prescribed in any one of the following established reference compendia:

…

(2) The ~~ThomsonMicromedex DrugDex;~~Micromedex DrugDex System;

…."

PART IV. CHANGES RELATED TO THE INSURANCE GUARANTY ACT

SECTION 4.(a) G.S. 58-48-20 reads as rewritten:

"**§ 58-48-20. Definitions.**

As used in this Article:

(1) ~~"Account" means any~~ Account. – Any one of the three accounts created by G.S. 58-48-25.

(1a) ~~"Affiliate" means a~~ Affiliate. – A person who directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with an insolvent insurer on December 31 of the year next preceding the date the insurer becomes an insolvent insurer.

(2) ~~"Association" means the~~ Association. – The North Carolina Insurance Guaranty Association created under G.S. 58-48-25.

(2a) ~~"Claimant" means any~~ Claimant. – Any insured making a first party claim or any person instituting a liability claim; provided that no person who is an affiliate of the insolvent insurer may be a claimant.

(3) Repealed by Session Laws 1991, c. 720, s. 6.

(3a) ~~"Control" means the~~ Control. – The possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly owns, controls, holds with the power to vote, or holds proxies

representing ten percent (10%) or more of the voting securities of any other person. This presumption may be rebutted by a showing that control does not exist in fact.

(4) ~~"Covered claim" means an~~ Covered claim. – An unpaid claim, including one of unearned premiums, which is in excess of fifty dollars ($50.00) and arises out of and is within the coverage and not in excess of the applicable limits of an insurance policy to which this Article applies as issued by an insurer, if ~~such~~ that insurer becomes an insolvent insurer after the effective date of this Article and (i) the claimant or insured is a resident of this State at the time of the insured event; or (ii) the property from which the claim arises is permanently located in this State. "Covered claim" shall not include any amount awarded (i) as punitive or exemplary damages; (ii) sought as a return of premium under any retrospective rating plan; or (iii) due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation or contribution recoveries or otherwise. "Covered claim" also shall not include fines or penalties, including ~~attorneys~~ attorneys' fees, imposed against an insolvent insurer or its insured or claims of any claimant whose net worth exceeds fifty million dollars ($50,000,000) on December 31 of the year preceding the date the insurer becomes insolvent.

(5) ~~"Insolvent insurer" means~~ Insolvent insurer. – An insurer: (i) ~~an insurer~~ licensed and authorized to transact insurance in this State either at the time the policy was issued or when the insured event occurred and (ii) against whom an order of liquidation with a finding of insolvency has been entered after the effective date of this Article by a court of competent jurisdiction in the insurer's state of domicile or of this State under the provisions of Article 30 of this Chapter, and which order of liquidation has not been stayed or been the subject of a writ of supersedeas or other comparable order.

(6) ~~"Member insurer" means any~~ Member insurer. – Any person who (i) writes any kind of insurance to which this Article applies under G.S. 58-48-10, including the exchange of reciprocal or interinsurance contracts, and (ii) is licensed and authorized to transact insurance in this State.

(7) ~~"Net direct written premiums" means direct~~ Net direct written premiums. – Direct gross premiums written in this State on insurance policies to which this Article applies, less return premiums thereon and dividends paid or credited to policyholders on ~~such~~ that direct business. "Net direct written premiums" does not include premiums on contracts between insurers or reinsurers.

(7a) ~~"Ocean marine insurance" includes~~ Ocean marine insurance. – Includes: (i) marine insurance as defined in G.S. 58-7-15(20)a., except for inland marine, (ii) marine protection and indemnity insurance as defined in G.S. 58-7-15(21), and (iii) any other form of insurance, regardless of the name, label, or marketing designation of the insurance policy, which insures against maritime perils or risks and other related perils or risks, which are usually insured by traditional marine insurance such as hull and machinery, marine builders' risks, and marine protection and indemnity. The perils and risks insured against include loss, damage, or expense, or legal liability of the insured for loss, damage, or expense, arising out of, or incident to, ownership, operation, chartering, maintenance, use, repair, or construction of any vessel, craft, or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness, death, or for loss or damage to the property of the insured or another person. "Ocean marine insurance" does not include insurance on vessels or vehicles under five tons gross weight.

(8) ~~"Person" means any~~ Person. – Any individual, corporation, partnership, association or voluntary organization.

(9) ~~"Policyholder" means the~~ Policyholder. – The person to whom an insurance policy to which this Article applies was issued by an insurer which has become an insolvent insurer.

(10) ~~"Resident" means:~~Resident. – Includes all of the following:

…."

SECTION 4.(b) G.S. 58-48-35 reads as rewritten:

"**§ 58-48-35. Powers and duties of the Association.**

(a) The Association shall:

(1) Be obligated to the extent of the covered claims existing prior to the determination of insolvency and arising within 30 days after the determination of insolvency, or before the policy expiration date if less than 30 days after the determination, or before the insured replaces the policy or causes its cancellation, if he does so within 30 days of the determination. This obligation includes only the amount of each covered claim that is in excess of fifty dollars ($50.00) and is less than ~~three hundred thousand dollars ($300,000).~~ five hundred thousand dollars ($500,000). However, the Association shall pay the full amount of a covered claim for benefits under a workers' compensation insurance coverage, and shall pay an amount not exceeding ten thousand dollars ($10,000) per policy for a covered claim for the return of unearned premium. The Association has no obligation to pay a claimant's covered claim, except a claimant's workers' compensation claim, if:

a. The insured had primary coverage at the time of the loss with a solvent insurer equal to or in excess of ~~three hundred thousand dollars ($300,000)~~ five hundred thousand dollars ($500,000) and applicable to the claimant's loss; or

b. The insured's coverage is written subject to a self-insured retention equal to or in excess of ~~three hundred thousand dollars ($300,000).~~five hundred thousand dollars ($500,000).

If the primary coverage or the self-insured retention is less than ~~three hundred thousand dollars ($300,000),~~ five hundred thousand dollars ($500,000), the Association's obligation to the claimant is reduced by the coverage and the retention. The Association shall pay the full amount of a covered claim for benefits under a workers' compensation insurance coverage to a claimant notwithstanding any self-insured retention, but the Association has the right to recover the amount of the self-insured retention from the employer.

In no event shall the Association be obligated to a policyholder or claimant in an amount in excess of the obligation of the insolvent insurer under the policy from which the claim ~~arises.~~ arises, including any applicable specific and aggregate limits. Notwithstanding any other provision of this Article, a covered claim shall not include any claim filed with the Association after the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer.

…."

SECTION 4.(c) Section 4(b) of this act becomes effective October 1, 2023, and applies to covered claims arising from orders of liquidation becoming final on or after that date.

PART V. CHANGES RELATED TO TRANSACTIONS WITHIN AN INSURANCE HOLDING COMPANY SYSTEM

SECTION 5.(a) G.S. 58-19-30 reads as rewritten:

"**§ 58-19-30. Standards and management of an insurer within an insurance holding company system.**

(a) Transactions within an insurance holding company system to which an insurer subject to registration is a party are subject to all of the following standards:

…

(7) If the Commissioner determines that the continued operation of an insurer subject to this Article is hazardous to the insurer's policyholders, creditors, or the general public under G.S. 58-30-60(b), then the Commissioner may require the insurer to elect between securing and maintaining either (i) a deposit held by the Commissioner or (ii) a bond with respect to any contract or agreement entered into by the insurer. The bond or deposit shall be maintained until the existing contract or agreement is no longer affected by the existence of the hazardous condition. The Commissioner shall determine the amount of the deposit or bond, not to exceed the total annual value of the contracts or agreements affected by the existence of the hazardous condition.

(8) All records and data of the insurer held by an affiliate remain the property of the insurer and are subject to control of the insurer. For purposes of this subdivision, "records and data" includes claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records, or similar information within the possession, custody, or control of the affiliate. An affiliate holding the records and data of an insurer shall do all of the following:

a. Ensure, at no additional cost to the insurer, that the records and data controlled by the insurer are identifiable and segregated, or readily capable of segregation, from all other persons' records and data.

b. Provide to any receiver of the insurer, upon request: (i) a complete set of all records and data of any type that pertain to the insurer's business, (ii) access to the operating systems on which the records and data are maintained, and (iii) the software that runs those systems either through assumption of licensing agreements or otherwise. The receiver may restrict the use of the records and data by the affiliate if the affiliate is not operating the insurer's business.

c. In the event of the affiliate's default under a lease or other agreement, secure a waiver of any landlord lien or other encumbrance to provide the insurer access to all records and data.

(9) Premiums or other funds belonging to the insurer that are collected by or held by an affiliate are the exclusive property of the insurer and are subject to the control of the insurer. Any right of offset in the event an insurer is placed into receivership shall be subject to Article 30 of this Chapter.

(b) The following transactions involving a domestic insurer and any person in its holding company system, including amendments or modifications of affiliated agreements that were previously filed pursuant to this section and that are subject to any materiality standards contained in ~~subdivision (1) through (7) of this section~~ subdivisions (1) through (6) of this subsection, may not be entered into unless the insurer has notified the Commissioner in writing of its intention to enter into the transaction at least 30 days before the transaction, or ~~such~~ a shorter period as the Commissioner permits, and the Commissioner has not disapproved it within that period. The notice for amendments or modifications shall include the reason for the change and the financial impact on the domestic insurer. Informal notice shall be given to the Commissioner, within 30 days after termination of a previously filed agreement, so that the Commissioner may determine the type of filing required, if any. An insurer required to give notice of a proposed transaction

pursuant to this subsection shall furnish the required information on a Form D, as prescribed by the Commissioner:

…

(4) All management agreements, service contracts, tax allocation agreements, or cost-sharing ~~arrangements. Management agreements, service contracts, and cost-sharing~~ arrangements ~~shall at a minimum and~~ shall, as applicable:

…

f. Define ~~books and~~ records and data of the insurer to include all ~~books and records~~ information developed or maintained under or related to the ~~agreement.~~contract or agreement that are otherwise the property of the insurer. The definition of records and data shall include claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records, or similar information within the possession, custody, or control of the affiliate.

g. Specify that all ~~books and~~ records and data of the ~~insurer are and~~ insurer: (i) remain the property of the ~~insurer and are subject to the control of the insurer.~~insurer, (ii) are subject to the control of the insurer, and (iii) must, at no additional cost to the insurer, be held in a manner that ensures that the records and data controlled by the insurer are identifiable and segregated, or readily capable of segregation, from all other persons' records and data.

…

i. Include standards for termination of the contract or agreement with and without cause.

j. Include provisions for indemnification of the ~~insurer~~ insurer: (i) in the event of gross negligence or willful misconduct on the part of the affiliate providing the ~~services.~~services or (ii) if the affiliate violates the terms required by sub-subdivisions k. through o. of this subdivision.

k. Specify that, if the insurer is placed in supervision, conservatorship, or receivership or seized by the Commissioner under Article 30 of this Chapter:

1. All of the rights of the insurer under the contract or agreement extend to the ~~receiver~~ receiver, conservator, or Commissioner.

2. All ~~books and~~ records ~~will immediately be made available to the receiver or the Commissioner and shall be turned over to the receiver or Commissioner immediately upon the receiver's or the Commissioner's request.~~and data of the insurer shall, at no additional cost to the receiver or Commissioner, be identifiable and segregated, or readily capable of segregation, from all other persons' records and data.

3. All records and data of the insurer shall be turned over to the receiver or Commissioner immediately upon the receiver's or the Commissioner's request. The records and data shall be turned over in a usable format, and the cost to transfer the records and data to the receiver or the Commissioner shall be fair and reasonable.

4. At the direction of the receiver or Commissioner, the affiliate shall make available all employees required to maintain the

continued performance of operations or services of the insurer deemed essential by the receiver or Commissioner.

l. Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed in ~~receivership pursuant to~~ supervision, conservatorship, or receivership, or seized by the Commissioner under Article 30 of this Chapter.

m. Specify ~~that the affiliate will continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the Commissioner under Article 30 of this Chapter, and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered.~~all of the following with respect to the performance of services after termination of the contract or agreement if the insurer is placed in supervision, conservatorship, receivership, or seized by the Commissioner under Article 30 of this Chapter.

1. That the affiliate shall, at the direction of the conservator or Commissioner, provide services deemed essential after termination of the contract or agreement.
2. That the contract or agreement shall specify the minimum period of time essential services shall be performed after the termination of the contract or agreement.
3. That, until the insured is released by the receiver, Commissioner, or a court order, performance of essential services after the termination of the contract or agreement shall be provided without regard to pre-receivership unpaid fees, if the affiliate continues to receive timely payment for post-receivership services rendered.

n. Specify that, if the insurer is placed in supervision, conservatorship, receivership, or seized by the Commissioner under Article 30 of this Chapter, the affiliate will do all of the following:

1. Maintain any systems, programs, or other infrastructure necessary to the performance of the contract or agreement.
2. Until the insured is released by the receiver, Commissioner, or a court order, make any systems, programs, or other infrastructure necessary to the performance of the contract or agreement available to the receiver or Commissioner, if the affiliate continues to receive timely payment for post-receivership services rendered.

o. Specify that, if the insurer is placed into receivership pursuant to Article 30 of this Chapter and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, then, subject to the receiver's authority over the insurer, the affiliate's commitments under sub-subdivisions k. through n. of this subdivision will extend to the affected guaranty associations.

…

(d) For the purposes of this Article, in determining whether an insurer's surplus as regards policyholders is reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs, the factors set forth in subdivisions (1) through (11) of this subsection, among others, shall be considered. In determining the adequacy of an insurer's surplus, no single factor is controlling. The Commissioner will consider the net effect of all of the factors in subdivisions

(1) through (11) of this subsection, plus other factors bearing on the financial condition of the insurer. The factors are:

…

(f) Any affiliate that is party to an agreement or contract with a domestic insurer that is subject to subdivision (b)(4) of this section shall be subject to the jurisdiction of any supervision, seizure, conservatorship, or receivership proceedings against the insurer and to the authority of the Commissioner or any supervisor, conservator, rehabilitator, or liquidator for the insurer appointed pursuant to Article 30 of this Chapter for the purpose of interpreting, enforcing, and overseeing the affiliate's obligations under the agreement or contract to perform services for the insurer that meet any of the following requirements:

(1) The services are an integral part of the insurer's operations, including management, administrative, accounting, data processing, marketing, underwriting, claims handling, investment, or any other similar functions.

(2) The services are essential to the insurer's ability to fulfill its obligations under insurance policies.

The Commissioner may require that an agreement or contract pursuant to subdivision (b)(4) of this section for the provision of services described in subdivisions (1) and (2) of this subsection specify that the affiliate consents to the jurisdiction as set forth in this subsection."

SECTION 5.(b) This section becomes effective October 1, 2023, and applies to contracts issued, renewed, or amended on or after that date.

PART VI. TECHNICAL CORRECTION TO REFLECT REPEAL OF PART 2 OF ARTICLE 38 AND ENACTMENT OF ARTICLE 38A OF CHAPTER 1 OF THE GENERAL STATUTES

SECTION 6. G.S. 58-30-1 reads as rewritten:

"**§ 58-30-1. Construction and purpose.**

(a) This Article does not limit powers granted to the Commissioner by any other provision of law. To the extent practicable, the Commissioner may supplement the provisions of this Article with those of ~~Part 2 of Article 38~~ Article 38A of Chapter 1 of the General Statutes.

…."

PART VII. CHANGES RELATED TO THE ADMINISTRATION OF WORKERS' COMPENSATION LARGE DEDUCTIBLE POLICIES AND INSURED COLLATERAL IN LIQUIDATION PROCEEDINGS

SECTION 7.(a) Article 30 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"**§ 58-30-262. Administration of large deductible policies and insured collateral.**

(a) Definitions. – The following definitions apply in this section:

(1) Association. – As defined in G.S. 58-48-20.

(2) Collateral. – Any cash, letters of credit, surety bond, or any other form of security posted by or on behalf of the insured or any person to secure the obligation of the insured under the large deductible policy to pay deductible claims or to reimburse the insurer for deductible claim payments. Collateral may also secure an insured's obligation to reimburse or pay to the insurer as may be required for other secured obligations.

(3) Commercially reasonable. – To act in good faith using prevailing industry practices and making all reasonable efforts considering the facts and circumstances of the matter.

(4) Deductible claim. – Any claim, including a claim for loss and defense and cost containment expense, unless those expenses are excluded, under a large deductible policy that is within the deductible.

(5) Large deductible policy. – Includes any of the following:

a. A combination of one or more workers' compensation policies and endorsements issued to an insured and contracts or security agreements entered into between the insurer and the insured in which the insured has agreed with the insurer to do either of the following:

1. Pay directly the initial portion of any claim under the policy up to a specified dollar amount, or the expenses related to any claim.

2. Reimburse the insurer for its payment of any claim or related expenses under the policy up to the specified dollar amount of the deductible.

b. Any policy which contains an aggregate limit on the insured's liability for all deductible claims in addition to a per claim deductible limit. The primary purpose and distinguishing characteristic of a large deductible policy is the shifting of a portion of the ultimate financial responsibility under the large deductible policy to pay claims from the insurer to the insured, even though the obligation to initially pay claims may remain with the insurer.

c. Any policy with a deductible of one hundred thousand dollars ($100,000) or greater.

"Large deductible policy" does not include: (i) policies, endorsements, or agreements which provide that the initial portion of any covered claim shall be self-insured and further that the insurer shall have no payment obligation within the self-insured retention or (ii) policies that provide for retrospectively rated premium payments by the insured or reinsurance arrangements or agreements, except to the extent that those arrangements assume, secure, or pay the large deductible obligations of an insured.

(6) Other secured obligations. – Obligations of an insured to an insurer other than those under or resulting from a large deductible policy, such as those under a reinsurance agreement or other agreement involving retrospective premium obligations the performance of which is secured by collateral that also secures obligations of an insured under a large deductible policy.

(b) Applicability. – This section shall apply to workers' compensation large deductible policies insuring workers' compensation liabilities under the Workers' Compensation Act of this State issued by an insurer subject to an order of liquidation as set forth in G.S. 58-30-105 that has become final in the state of entry, whether the liquidation order is entered in this State or in a reciprocal state.

(c) Exceptions. – This section shall not apply to claims funded by the Association or a foreign guaranty association net of the deductible unless subsection (d) of this section applies.

(d) Handling of Large Deductible Claims. – Large deductible policies shall be administered in accordance with their terms, except to the extent those terms conflict with this section. All large deductible claims resulting from the handling or administration of one or more covered claims of a claimant as defined by G.S. 58-48-20 or the applicable guaranty laws of a foreign guaranty association, including those that may have been funded by an insured before liquidation, shall be turned over to the Association for handling and administration or shall be turned over to the foreign guaranty association in the state where the claim is pending for handling and administration. To the extent the insured funds or pays the deductible claim, pursuant to an agreement with the Association or a foreign guaranty association or otherwise, the funding or payment of a deductible claim directly or to the Association or a foreign guaranty association by or on behalf of the insured will extinguish the obligations, if any, of the liquidator, the Association, or the foreign guaranty association to pay the claim. No charge or claim of any

kind shall be made against the liquidator, the Association, or a foreign guaranty association on the basis of the funding or payment of a deductible claim by or on behalf of an insured.

(e) Deductible Claims Paid by the Association or a Foreign Guaranty Association. –

(1) To the extent the Association or a foreign guaranty association pays any deductible claim for which the insurer would have been entitled to reimbursement from the insured, the Association or foreign guaranty association shall be entitled to the full amount of the reimbursement and available collateral as provided for under this section to the extent necessary to reimburse the Association or the foreign guaranty association. Reimbursements paid to the Association or to a foreign guaranty association pursuant to this subdivision shall not be included in any proposal submitted to the court to disburse assets under G.S. 58-30-180 in any report submitted to the court under G.S. 58-30-225, or as any distribution of assets by the liquidator in the domiciliary state.

(2) To the extent that the Association or a foreign guaranty association pays a deductible claim that is not reimbursed either from collateral or by payments by an insured, or incurred expenses in connection with large deductible policies that are not reimbursed under this section, the Association or a foreign guaranty association shall be entitled to assert a claim for those amounts in the liquidation proceeding in this State or in the domiciliary state.

(3) Nothing in this subsection limits any rights of the Association or a foreign guaranty association that may otherwise arise or exist under applicable law to obtain reimbursement from insureds for claim payments made by the Association or the foreign guaranty association under policies of the insurer or for the Association's or foreign guaranty association's related expenses, including without limitation, those rights arising under G.S. 58-48-35 and G.S. 58-48-50, or those arising or existing under similar laws of other states.

(f) Collections. –

(1) Unless otherwise agreed to with the liquidator of the insurer in this State or the domiciliary state, the Association or a foreign guaranty association shall collect reimbursements owed for deductible claims as provided for herein and shall take all commercially reasonable actions to collect those reimbursements. The Association or a foreign guaranty association shall promptly bill insureds for reimbursement of covered claims paid by the Association or a foreign guaranty association. The liquidator of the insurer in this State or the domiciliary state shall have the obligation to collect all other reimbursements owed for deductible claims and shall promptly bill insureds or the other responsible persons for reimbursement of deductible claims (i) paid by the insurer prior to liquidation or (ii) paid by the liquidator.

(2) If the insured does not make payment within the time specified in the large deductible policy, or within 60 days after the date of billing if no time is specified, the liquidator, the Association, or a foreign guaranty association shall take all commercially reasonable actions to collect any reimbursements owed.

(3) Neither the insolvency of the insurer, nor its inability to perform any of its obligations under the large deductible policy, shall be a defense to the insured's reimbursement obligations under the large deductible policy.

(4) Allegations of improper handling or excessive or wrongful payment of a deductible claim by the insurer, by the liquidator of the insurer in this State or the domiciliary state, or by the Association or foreign guaranty association

shall not be a defense to the insured's reimbursement obligations under the large deductible policy.

(5) The liquidator of the insurer in this State or the domiciliary state is entitled to recover through billings to the insured all reasonable expenses incurred in fulfilling the liquidator's collection obligations pursuant to subdivision (1) of this subsection.

(g) Collateral. –

(1) Subject to the provisions of this subsection and the rights of the Association or a foreign guaranty association, the liquidator of the insurer in this State or the domiciliary state shall utilize collateral, when available, to secure the obligation of the insured to fund or reimburse deductible claims or other secured obligations. The Association or a foreign guaranty association shall be entitled to all collateral as provided for in this subsection to the extent needed to reimburse the Association or a foreign guaranty association for the payment of deductible claims. Any distributions made to the Association or to a foreign guaranty association pursuant to this subsection shall not be included in any proposal submitted by the liquidator to the court to disburse assets under G.S. 58-30-180, or in any report submitted to the court under G.S. 58-30-225, or as any distribution of assets in the domiciliary state.

(2) All claims against the collateral shall be paid in the order received, and no claim of the liquidator of the insurer in this State or the domiciliary state, including those described in or arising under this subsection, shall supersede or take priority over any other claim against the collateral made by the Association or a foreign guaranty association. However, to the extent that the collateral is subject to other known secured obligations, or if more than one creditor has a valid claim against the same collateral and the available collateral, including future billing and collection efforts, are together insufficient to pay each creditor in full, the liquidator of the insurer in this State or in the domiciliary state may prorate payments from the proceeds of the collateral based on the ratio of the amount of claims each creditor has to the sum or all claims of all creditors with claims against the involved collateral.

(3) The liquidator of the insurer in this State or the domiciliary state shall draw down collateral to the extent necessary in the event that the insured fails to do any of the following:

a. Perform its funding or payment obligations under any large deductible policy.

b. Pay deductible claim reimbursements within the time specified in the large deductible policy or within 60 days after the date of the billing if no time is specified.

c. Pay amounts due the estate for pre-liquidation obligations.

d. Timely fund any other secured obligation.

e. Timely pay expenses.

(4) Excess collateral may be returned to the insured as determined by the liquidator of the insurer in this State or the domiciliary state after a periodic review of claims paid, outstanding case reserves and a factor for incurred but not reported claims.

(5) This section shall not limit or adversely affect any rights or powers the Association or a foreign guaranty association may have pursuant to other applicable state law to obtain reimbursement from certain classes of policyholders for claims payments made by the Association or a foreign

guaranty association arising under policies of the insolvent insurer, or for related expenses the Association or a foreign guaranty association incurs.

(6) Notwithstanding any other provision of this section, if the liquidator of the insurer in this State or the domiciliary state and the Association or a foreign guaranty association agree that the liquidator will collect reimbursements owed for deductible claims, the liquidator is entitled to deduct from the large deductible claim collateral or from the deductible reimbursements reasonable and actual expenses incurred in connection with the collection of the large deductible claim collateral and deductible reimbursements."

SECTION 7.(b) This section becomes effective October 1, 2023, and applies to insurance contracts issued, renewed, or amended on or after that date.

PART VIII. TECHNICAL CORRECTION TO ADD OMITTED WORD TO G.S. 58-33-5

SECTION 8. G.S. 58-33-5 reads as rewritten:

"**§ 58-33-5. License required.**

A person shall not sell, solicit, or negotiate insurance in this State for any kind of insurance unless the person is licensed for that line of authority in accordance with this Article."

PART IX. AMEND ON-SITE AUDIT REQUIREMENTS FOR THIRD-PARTY ADMINISTRATORS

SECTION 9. G.S. 58-56-26(c) reads as rewritten:

"(c) In cases where a TPA administers benefits for more than 100 certificate holders on behalf of an insurer, the insurer shall, at least semiannually, conduct a review of the operations of the TPA. At least one semiannual review shall be an ~~on-site~~ audit of the operations of the TPA. The insurer may conduct that audit either on-site or virtually. On July 1, 2010, and annually thereafter, every insurer shall file with the Commissioner a certification of completion of the audits as required by this subsection and performed during the previous calendar year, in the format, content, and manner as specified by the Commissioner. The insurer shall maintain in its corporate records documentation of the audits conducted to support its certification of audits for a period of five years or, if a domestic insurer, until the completion of the next quinquennial examination."

PART X. INCREASE OR IMPLEMENT CRIMINAL PENALTIES FOR CERTAIN VIOLATIONS

SECTION 10.(a) G.S. 58-2-161 reads as rewritten:

"**§ 58-2-161. False statement to procure or deny benefit of insurance policy or certificate.**

(a) Definitions. – For the purposes of this section:

…

(b) ~~Any person who,~~ Prohibited Act. – It is unlawful for a person to, with the intent to injure, defraud, or deceive an insurer or insurance ~~claimant:~~claimant, do either of the following:

(1) ~~Presents~~ Present or ~~causes~~ cause to be presented a written or oral statement, including computer-generated documents as part of, in support of, or in opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains false or misleading information concerning any fact or matter material to the ~~claim, or~~claim.

(2) ~~Assists, abets, solicits, or conspires~~ Assist, abet, solicit, or conspire with another person to prepare or make any written or oral statement that is intended to be presented to an insurer or insurance claimant in connection with, in support of, or in opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains false or misleading information concerning a fact or matter material to the ~~claim~~claim.

~~is guilty of a Class H felony.~~ Each claim shall be considered a separate count. Upon conviction, if the court imposes probation, the court may order the defendant to pay restitution as a condition of probation. In determination of the amount of restitution pursuant to G.S. 15A-1343(d), the reasonable costs and attorneys' fees incurred by the victim in the investigation of, and efforts to recover damages arising from, the claim, may be considered part of the damage caused by the defendant arising out of the offense.

…

(c) Punishment. – Violations of this section are punishable as follows:

(1) If the amount of the claim for payment or other benefit is less than one hundred thousand dollars ($100,000), a violation shall be punishable as a Class H felony.

(2) If the amount of the claim for payment or other benefit is one hundred thousand dollars ($100,000) or more, a violation shall be punishable as a Class C felony."

SECTION 10.(b) Article 33A of Chapter 58 of the General Statutes is amended by adding a new section to read:

"**§ 58-33A-93. Criminal penalties.**

Except as otherwise provided in this Article, any person who willfully and knowingly conducts business as a public adjuster in violation of this Article is guilty of a Class 1 misdemeanor."

SECTION 10.(c) This section becomes effective December 1, 2023, and applies to offenses committed on or after that date.

PART XI. ADDITIONAL CERTIFICATE OF INSURANCE PROHIBITIONS

SECTION 11.(a) G.S. 58-3-149 reads as rewritten:

"**§ 58-3-149. Certificates of insurance.**

…

(c) It is unlawful for any person to knowingly prepare, issue, request, or require a certificate of insurance that meets any of the following criteria:

…

(4) Includes information not contained in the underlying insurance policy.

…."

SECTION 11.(b) This section becomes effective October 1, 2023.

PART XII. AUTHORIZE INSURANCE PREMIUM CONVENIENCE FEES

SECTION 12.(a) G.S. 58-3-145 reads as rewritten:

"**§ 58-3-145. Solicitation, negotiation or payment of premiums on insurance policies.**

(a) An insurer or insurance producer may accept ~~payment~~ electronic payment, as defined in G.S. 147-86.20, of an insurance premium ~~by credit card or debit card~~ if the insurer ~~accepting payment by credit card or debit card meets the following conditions:~~

~~(1)~~ ~~The insurer~~ or insurance producer complies with the prohibition against unfair discrimination contained in G.S. 58-63-15(7).

~~(2)~~ ~~The insurer pays the fees charged by the credit card company or debit card issuer for the payment of premiums by credit card or debit card.~~

(b) An insurer or insurance producer accepting electronic payment by credit or debit card may charge the person using electronic payment a convenience fee in an amount not to exceed four percent (4%) of the electronic payment."

SECTION 12.(b) This section becomes effective October 1, 2023.

PART XIII. INCREASE MINIMUM LIABILITY LIMITS FOR INSURANCE REQUIRED BY THE STATE

SECTION 13.(a) G.S. 20-279.1 reads as rewritten:

"**§ 20-279.1. Definitions.**

The following words and phrases, when used in this Article, shall, for the purposes of this Article, have the meanings respectively ascribed to them in this section, except in those instances where the context clearly indicates a different meaning:

…

(11) "Proof of financial responsibility": Proof of ability to respond in damages for liability, on account of accidents occurring subsequent to the effective date of said proof, arising out of the ownership, maintenance or use of a motor vehicle, in the amount of ~~thirty thousand dollars ($30,000)~~ fifty thousand dollars ($50,000) because of bodily injury to or death of one person in any one accident, and, subject to said limit for one person, in the amount of ~~sixty thousand dollars ($60,000)~~ one hundred thousand dollars ($100,000) because of bodily injury to or death of two or more persons in any one accident, and in the amount of ~~twenty-five thousand dollars ($25,000)~~ fifty thousand dollars ($50,000) because of injury to or destruction of property of others in any one accident. Nothing contained herein shall prevent an insurer and an insured from entering into a contract, not affecting third parties, providing for a deductible as to property damage at a rate approved by the Commissioner of Insurance.

…."

SECTION 13.(b) G.S. 20-279.5 reads as rewritten:

"**§ 20-279.5. Security required unless evidence of insurance; when security determined; suspension; exceptions.**

…

(c) This section shall not apply under the conditions stated in G.S. 20-279.6 nor:

…

No such policy or bond shall be effective under this section unless issued by an insurance company or surety company authorized to do business in this State, except that if such motor vehicle was not registered in this State, or was a motor vehicle which was registered elsewhere than in this State at the effective date of the policy or bond, or the most recent renewal thereof, or if such operator not an owner was a nonresident of this State, such policy or bond shall not be effective under this section unless the insurance company or surety company if not authorized to do business in this State shall execute a power of attorney authorizing the Commissioner to accept service on its behalf of notice or process in any action upon such policy, or bond arising out of such accident, and unless said insurance company or surety company, if not authorized to do business in this State, is authorized to do business in the state or other jurisdiction where the motor vehicle is registered or, if such policy or bond is filed on behalf of an operator not an owner who was a nonresident of this State, unless said insurance company or surety company, if not authorized to do business in this State, is authorized to do business in the state or other jurisdiction of residence of such operator; provided, however, every such policy or bond is subject, if the accident has resulted in bodily injury or death, to a limit, exclusive of interest and cost, of not less than ~~thirty thousand dollars ($30,000)~~ fifty thousand dollars ($50,000) because of bodily injury to or death of one person in any one accident and, subject to said limit for one person, to a limit of not less than ~~sixty thousand dollars ($60,000)~~ one hundred thousand dollars ($100,000) because of bodily injury to or death of two or more persons in any one accident, and, if the accident has resulted in injury to or destruction of property, to a limit of not less than ~~twenty-five thousand dollars ($25,000)~~ fifty thousand dollars ($50,000) because of injury to or destruction of property of others in any one accident."

SECTION 13.(c) G.S. 20-279.15 reads as rewritten:

"**§ 20-279.15. Payment sufficient to satisfy requirements.**

In addition to other methods of satisfaction provided by law, judgments herein referred to shall, for the purpose of this Article, be deemed satisfied:

(1) When ~~thirty thousand dollars ($30,000)~~ fifty thousand dollars ($50,000) has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of one person as the result of any one accident; or

(2) When, subject to such limit of ~~thirty thousand dollars ($30,000)~~ sixty thousand dollars ($60,000) because of bodily injury to or death of one person, the sum of ~~sixty thousand dollars ($60,000)~~ one hundred thousand dollars ($100,000) has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of two or more persons as the result of any one accident; or

(3) When ~~twenty-five thousand dollars ($25,000)~~ fifty thousand dollars ($50,000) has been credited upon any judgment or judgments rendered in excess of that amount because of injury to or destruction of property of others as a result of any one accident;

Provided, however, payments made in settlement of any claims because of bodily injury, death or property damage arising from a motor vehicle accident shall be credited in reduction of the amounts provided for in this section."

SECTION 13.(d) G.S. 20-279.21 reads as rewritten:

"**§ 20-279.21. "Motor vehicle liability policy" defined.**

…

(b) Except as provided in G.S. 20-309(a2), such owner's policy of liability insurance:

…

(2) Shall insure the person named therein and any other person, as insured, using any such motor vehicle or motor vehicles with the express or implied permission of such named insured, or any other persons in lawful possession, against loss from the liability imposed by law for damages arising out of the ownership, maintenance or use of such motor vehicle or motor vehicles within the United States of America or the Dominion of Canada subject to limits exclusive of interest and costs, with respect to each such motor vehicle, as follows: ~~thirty-thousand dollars ($30,000)~~ fifty thousand dollars ($50,000) because of bodily injury to or death of one person in any one accident and, subject to said limit for one person, ~~sixty-thousand dollars ($60,000)~~ one hundred thousand dollars ($100,000) because of bodily injury to or death of two or more persons in any one accident, and ~~twenty-five thousand dollars ($25,000)~~ fifty thousand dollars ($50,000) because of injury to or destruction of property of others in any one accident; and

…

(4) Shall, in addition to the coverages set forth in subdivisions (2) and (3) of this subsection, provide underinsured motorist coverage, to be used only with a policy that is written at limits that exceed those prescribed by subdivision (2) of this subsection. The limits of such underinsured motorist bodily injury coverage shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy; provided, however, that (i) the limits shall not exceed one million dollars ($1,000,000) per person and one million dollars ($1,000,000) per accident regardless of whether the highest limits of bodily injury liability coverage for any one vehicle insured under the policy exceed those limits, (ii) a named insured may purchase greater or lesser limits, except that the limits shall exceed the bodily injury liability limits required pursuant to subdivision (2) of this subsection, and in no event shall

an insurer be required by this subdivision to sell underinsured motorist bodily injury coverage at limits that exceed one million dollars ($1,000,000) per person and one million dollars ($1,000,000) per accident, and (iii) the limits shall be equal to the limits of uninsured motorist bodily injury coverage purchased pursuant to subdivision (3) of this subsection. When the policy is issued and renewed, the insurer shall notify the named insured as provided in subsection (m) of this section. An "uninsured motor vehicle," as described in subdivision (3) of this subsection, includes an "underinsured highway vehicle," which means a highway vehicle with respect to the ownership, maintenance, or use of which, the sum of the limits of liability under all bodily injury liability bonds and insurance policies applicable at the time of the accident is less than ~~the applicable limits of underinsured motorist coverage for the vehicle involved in the accident and insured under the owner's policy.~~ the total damages sustained by an individual seeking payment of benefits under this subdivision. For purposes of an underinsured motorist claim asserted by a person injured in an accident where more than one person is injured, a highway vehicle will also be an "underinsured highway vehicle" ~~if~~ if all bodily injury liability bonds and insurance policies applicable to such highway vehicle at the time of the accident are exhausted and the total amount actually paid to that person ~~under~~ from the exhaustion of all bodily injury liability bonds and insurance policies applicable to such highway vehicle at the time of the accident is less than ~~the applicable limits of underinsured motorist coverage for the vehicle involved in the accident and insured under the owner's policy.~~ the total damages sustained by such person seeking payment of benefits under this subdivision. Notwithstanding the immediately preceding sentence, a highway vehicle shall not be an "underinsured motor vehicle" for purposes of an underinsured motorist claim under an owner's policy insuring that vehicle unless the owner's policy insuring that vehicle provides underinsured motorist coverage with limits that are greater than that policy's bodily injury liability ~~limits.~~ limits, in which event the available underinsured motorist coverage is that amount of underinsured motorist coverage under the owner's policy insuring that vehicle which exceeds the policy's bodily injury liability limits. For the purposes of this subdivision, the term "highway vehicle" means a land motor vehicle or trailer other than (i) a farm-type tractor or other vehicle designed for use principally off public roads and while not upon public roads, (ii) a vehicle operated on rails or crawler-treads, or (iii) a vehicle while located for use as a residence or premises. The provisions of subdivision (3) of this subsection shall apply to the coverage required by this subdivision. Underinsured motorist coverage is deemed to apply when, by reason of payment of judgment or settlement, all liability bonds or insurance policies providing coverage for bodily injury caused by the ownership, maintenance, or use of the underinsured highway vehicle have been exhausted. Exhaustion of that liability coverage for the purpose of any single ~~liability~~ claim presented for underinsured motorist coverage is deemed to occur when either (a) the limits of liability per claim have been paid or tendered upon the claim, or (b) by reason of multiple claims, the aggregate per occurrence limit of liability has been ~~paid.~~ paid or tendered. Underinsured motorist coverage is deemed to apply to the first dollar of an underinsured motorist coverage claim beyond amounts paid to the claimant under the exhausted liability ~~policy.~~policy or policies applicable to the underinsured highway vehicle at the time of the accident. The amount of

underinsured motorist coverage applicable to any claim for benefits under this subdivision shall not be reduced by a setoff or credit against any coverage, including liability insurance, except for workers' compensation coverage to the extent provided for in subsection (e) of this section. If a claimant is an insured under the underinsured motorist coverage on separate or additional policies, the total amount of underinsured motorist coverage applicable to the claimant is the sum of the limits of the claimant's underinsured motorist coverages as determined by combining the highest limit available under each policy and shall not be reduced by a setoff against any coverage, including liability insurance, except for workers' compensation coverage to the extent provided for in subsection (e) of this section.

~~In any event, the limit of underinsured motorist coverage applicable to any claim is determined to be the difference between the amount paid to the claimant under the exhausted liability policy or policies and the limit of underinsured motorist coverage applicable to the motor vehicle involved in the accident. Furthermore, if a claimant is an insured under the underinsured motorist coverage on separate or additional policies, the limit of underinsured motorist coverage applicable to the claimant is the difference between the amount paid to the claimant under the exhausted liability policy or policies and the total limits of the claimant's underinsured motorist coverages as determined by combining the highest limit available under each policy; provided that this sentence shall apply only to insurance on nonfleet private passenger motor vehicles as described in G.S. 58-40-15(9) and (10).~~ The underinsured motorist limits applicable to any one motor vehicle under a policy shall not be combined with or added to the limits applicable to any other motor vehicle under that policy.

…

(m) Every insurer that sells motor vehicle liability policies subject to the requirements of subdivisions (b)(3) and (b)(4) of this section shall, when issuing and renewing a policy, give reasonable notice to the named insured of all of the following:

(1) The named insured is required to purchase uninsured motorist bodily injury coverage, uninsured motorist property damage coverage, ~~and, if applicable,~~ and underinsured motorist bodily injury coverage.

…

(4) The named insured's underinsured motorist bodily injury coverage ~~limits, if applicable,~~ limits shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for underinsured motorist bodily injury coverage.

…."

SECTION 13.(e) G.S. 20-279.25 reads as rewritten:

"**§ 20-279.25. Money or securities as proof.**

(a) Proof of financial responsibility may be evidenced by the certificate of the State Treasurer that the person named therein has deposited with him ~~eighty-five thousand dollars ($85,000)~~ one hundred twenty-five thousand dollars ($125,000) in cash, or securities such as may legally be purchased by savings banks or for trust funds of a market value of ~~eighty-five thousand dollars ($85,000).~~ one hundred twenty-five thousand dollars ($125,000). The State Treasurer shall not accept any such deposit and issue a certificate therefor and the Commissioner shall not accept such certificate unless accompanied by evidence that there are no unsatisfied judgments of any character against the depositor in the county where the depositor resides.

…."

SECTION 13.(f) G.S. 20-281 reads as rewritten:

"**§ 20-281. Liability insurance prerequisite to engaging in business; coverage of policy.**

From and after July 1, 1953, it shall be unlawful for any person, firm or corporation to engage in the business of renting or leasing motor vehicles to the public for operation by the rentee or lessee unless such person, firm or corporation has secured insurance for his own liability and that of his rentee or lessee, in such an amount as is hereinafter provided, from an insurance company duly licensed to sell motor vehicle liability insurance in this State. Each such motor vehicle leased or rented must be covered by a policy of liability insurance insuring the owner and rentee or lessee and their agents and employees while in the performance of their duties against loss from any liability imposed by law for damages including damages for care and loss of services because of bodily injury to or death of any person and injury to or destruction of property caused by accident arising out of the operation of such motor vehicle, subject to the following minimum limits: ~~thirty thousand dollars ($30,000)~~ fifty thousand dollars ($50,000) because of bodily injury to or death of one person in any one accident, and ~~sixty thousand dollars ($60,000)~~ one hundred thousand dollars ($100,000) because of bodily injury to or death of two or more persons in any one accident, and ~~twenty-five thousand dollars ($25,000)~~ fifty thousand dollars ($50,000) because of injury to or destruction of property of others in any one accident. Provided, however, that nothing in this Article shall prevent such operators from qualifying as self-insurers under terms and conditions to be prepared and prescribed by the Commissioner of Motor Vehicles or by giving bond with personal or corporate surety, as now provided by G.S. 20-279.24, in lieu of securing the insurance policy hereinbefore provided for."

SECTION 13.(g) G.S. 58-37-35 reads as rewritten:

"**§ 58-37-35. The Facility; functions; administration.**

…

(b) The Facility shall reinsure for each coverage available in the Facility to the standard percentage of one hundred percent (100%) or lesser equitable percentage established in the Facility's plan of operation as follows:

(1) For the following coverages of motor vehicle insurance and in at least the following amounts of insurance:

a. Bodily injury liability: ~~thirty thousand dollars ($30,000)~~ fifty thousand dollars ($50,000) each person, ~~sixty thousand dollars ($60,000)~~ one hundred thousand dollars ($100,000) each accident;

b. Property damage liability: ~~twenty-five thousand dollars ($25,000)~~ fifty thousand dollars ($50,000) each accident;

c. Medical payments: one thousand dollars ($1,000) each person; except that this coverage shall not be available for motorcycles or mopeds;

d. Uninsured motorist: ~~thirty thousand dollars ($30,000)~~ fifty thousand dollars ($50,000) each person; ~~sixty thousand dollars ($60,000)~~ one hundred thousand dollars ($100,000) each accident for bodily injury; ~~twenty-five thousand dollars ($25,000)~~ fifty thousand dollars ($50,000) each accident property damage (one hundred dollars ($100.00) deductible);

e. Any other motor vehicle insurance or financial responsibility limits in the amounts required by any federal law or federal agency regulation; by any law of this State; or by any rule duly adopted under Chapter 150B of the General Statutes or by the North Carolina Utilities Commission.

…."

SECTION 13.(h) This section becomes effective October 1, 2025, and applies to policies issued, amended, or renewed on or after that date.

PART XIV. EFFECTIVE DATE

SECTION 14. Except as otherwise provided, this act is effective when it becomes law.