§ 58-3-275. Closure of a block of business.

(a)   An insurer that determines to create a closed block of business in this State shall no later than 60 days prior to the closure date:

(1)   Notify the Commissioner in writing of the insurer's decision to cease sales of the policy form(s) and provide a reasonable estimate, based on sound actuarial principles, of the expected impact on future premiums of ceasing sales of the policy form(s). If the insurer's qualified actuary estimates that the expected impact on future annual premiums of ceasing sales of the policy form(s) exceeds five percent (5%) per annum, then the insurer shall comply with the requirements of subdivision (3) of this subsection. If each subsequent annual premium rate filing results in an approved annual premium rate increase no greater than the last premium rate increase approved when the block of insurance was open, plus five percent (5%) per annum, then the insurer shall not be required to comply with the requirements of subdivision (3) of this subsection. If any subsequent annual premium rate filing results in an approved premium rate increase in excess of five percent (5%) per annum more than the last premium rate increase approved while the block of insurance was open, then the insurer shall comply with the requirements of subdivision (3) of this subsection at the time the filing is approved, unless the insurer can demonstrate to the satisfaction of the Commissioner that the portion of the increase that is due to the closing of the block is not more than five percent (5%) per annum.

(2)   Inform each insurance producer selling the product of the decision and the date of closure.

(3)   If required pursuant to subdivision (1) of this subsection, notify all affected policyholders of the determination and provide a statement of the general effect that might be expected to result from the closure of the block. Notice shall comply with any rules adopted pursuant to subsection (b) of this section.

(b)   The Commissioner may adopt rules to carry out the purposes and provisions of this section, including rules establishing the language, content, format, and methods of distribution of the notices required by this section.

(c)   As used in this section, the term:

(1)   "Accident and health insurance" means insurance against death or injury resulting from accident or from accidental means and insurance against disablement, disease, or sickness of the insured. This includes Medicare supplemental insurance, long-term care, nursing home, or home health care insurance, or any combination thereof, specified disease or illness insurance, hospital indemnity or other fixed indemnity insurance, short-term limited duration health insurance, dental insurance, vision insurance, and medical, hospital, or surgical expense insurance or any combination thereof.

(2)   "Block of business" means a particular policy form or contract of individual accident and health insurance issued by an insurer.

(3)   "Closed block of business" means a block of business for which an insurer ceases to actively market, sell, and issue new contracts under a particular policy form in this State.

(4)   "Closure date" means the effective date that no new insureds will be issued coverage of the particular policy form(s).

(5)   "Insurer" includes an insurance company subject to this Chapter, a service corporation organized under Article 65 of this Chapter, a health maintenance

organization organized under Article 67 of this Chapter, or a multiple employer welfare arrangement subject to Article 50A of this Chapter.

(6)   "Policyholders" includes those applicants for the particular policy form that is being closed and for which the policy is not yet issued.

(d)   This section does not apply when an insurer makes a decision to discontinue a particular policy form or contract of accident and health insurance coverage subject to Article 68 of this Chapter, cancels or nonrenews the coverage, and offers replacement coverage pursuant to G.S. 58-68-65(c)(1). (2005-412, s. 2; 2019-202, s. 8; 2022-46, s. 14(o).)