

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 339  
Insurance Committee Substitute Adopted 5/13/91

Short Title: Insurance Amendments.

(Public)

Sponsors:

Referred to:

March 28, 1991

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE VARIOUS SUBSTANTIVE AMENDMENTS TO THE  
3 INSURANCE LAWS AND OTHER LAWS RELATED TO THE DEPARTMENT  
4 OF INSURANCE.

5 The General Assembly of North Carolina enacts:

6 Section 1. Reserved.

7 Sec. 2. G.S. 58-8-35 reads as rewritten:

8 **"§ 58-8-35. Contingent liability printed on policy.**

9 Every insurance company licensed to do business in this State shall print upon the  
10 ~~filing face of its policies front of the policy and application~~ in clear and explicit language  
11 the full contingent liability of its ~~members.~~ members, in accordance with the rules  
12 adopted by the Commissioner."

13 Sec. 3. ~~G.S. 58-33-35(6) is repealed.~~ Reserved.

14 Sec. 4. G.S. 58-41-50 is amended by adding a new subsection to read:

15 "(g) An insurer subject to this Article may develop and use an individual form or  
16 rate as a result of the uniqueness of a particular risk. The form or rate shall be  
17 developed, filed, and used in accordance with rules adopted by the Commissioner."

18 Sec. 5. G.S. 58-43-5 reads as rewritten:

19 **"§ 58-43-5. Limitation as to amount and term; indemnity contracts for difference**  
20 **in actual value and cost of ~~replacement.~~ replacement; functional**  
21 **replacement.**

22 No insurance company or agent shall knowingly issue any fire insurance policy upon  
23 property within this State for an amount which, together with any existing insurance

1 thereon, exceeds the fair value of the property, nor for a longer term than seven years:  
2 Provided, any fire insurance company authorized to transact business in this State may,  
3 by appropriate riders or endorsements or otherwise, provide insurance indemnifying the  
4 insured for the difference between the actual value of the insured property at the time  
5 any loss or damage occurs, and the amount actually expended to repair, rebuild or  
6 replace on the premises described in the policy, or some other location within the State  
7 of North Carolina with new materials of like size, kind and quality, ~~such property as that~~  
8 ~~has been damaged or destroyed by fire or other perils insured against-against:~~ Provided  
9 further, that the Commissioner may approve forms that permit the insurance company,  
10 at the insured's option, to replace the property with similar property that performs the  
11 same function when replacement with materials of like size, kind, and quality is not  
12 possible, necessary, or cannot be done without extraordinary expense. Forms and rating  
13 plans may also provide for credits when functional replacement cost coverage is  
14 provided. Policies issued in violation of this section are binding upon the company  
15 issuing them, but the company is liable for the forfeitures by law prescribed for such  
16 violation."

17 Sec. 6. G.S. 58-28-5(a) reads as rewritten:

18 "(a) Except as hereinafter provided, it shall be unlawful for any company to enter  
19 into a contract of insurance as an insurer or to transact insurance business in this State as  
20 set forth in G.S. 58-28-10, without a certificate of authority issued by the  
21 Commissioner. This section shall not apply to the following acts or transactions:

- 22 (1) The procuring of a policy of insurance upon a risk within this State  
23 where the applicant is unable to procure coverage in the open market  
24 with admitted companies and is otherwise in compliance with Article  
25 21 of this Chapter;
- 26 (2) Contracts of reinsurance;
- 27 (3) Transactions in this State involving a policy lawfully solicited, written  
28 and delivered outside of this State covering only subjects of insurance  
29 not resident, located or expressly to be performed in this State at the  
30 time of issuance, and which transactions are subsequent to the issuance  
31 of such policy;
- 32 (4) Transactions in this State involving group life insurance, group  
33 annuities, or group, blanket, or franchise accident and health insurance  
34 where the master policy of such insurance was lawfully issued and  
35 delivered in a state where the company was authorized to transact  
36 business;
- 37 (5) Transactions in this State involving all policies of insurance issued  
38 prior to July 1, 1967;
- 39 (6) The procuring of contracts of insurance issued to a nuclear insured;
- 40 (7) Insurance independently procured, as specified in subsection (b) of this  
41 ~~section-section~~;
- 42 (8) Insurance on vessels or craft, their cargoes, marine builders' risks,  
43 marine protection and indemnity, or other risks commonly insured

1                   under marine insurance policies, as distinguished from inland marine  
2                   insurance policies."

3                   Sec. 7. G.S. 58-7-15 reads as rewritten:

4   "**§ 58-7-15. Kinds of insurance authorized.**

5       The kinds of insurance ~~which that~~ may be authorized in this State, subject to the  
6 other provisions of Articles 1 through 64 of this Chapter, are set forth in ~~the following~~  
7 ~~paragraphs.~~ this section. Except to the extent an insurer participates in a risk sharing  
8 plan under Article 42 of this ~~Chapter~~ Chapter, nothing ~~herein contained shall require in this~~  
9 section requires any insurer to insure every kind of risk ~~which that~~ it is authorized to  
10 insure. Except to the extent an insurer participates in a risk sharing plan under Article  
11 42 of this ~~Chapter~~ Chapter, no insurer may transact any other business than that specified  
12 in its charter and articles of ~~association.~~ association or incorporation. The power to do  
13 any kind of insurance against loss of or damage to property ~~shall include~~ includes the  
14 power to insure all lawful interests in ~~such the~~ the property and to insure against loss of use  
15 and ~~occupancy,~~ occupancy and rents and profits resulting therefrom; but no kind of  
16 insurance ~~shall be deemed to include~~ includes life insurance or insurance against legal  
17 liability for personal injury or death ~~unless specified herein.~~ in this section. In addition to  
18 any power to engage in any other kind of business than an insurance business ~~which that~~  
19 is specifically conferred by the provisions of Articles 1 through 64 of this Chapter, any  
20 insurer authorized to do business in this State may engage in such other ~~kind or~~ kinds of  
21 business to the extent necessarily or properly incidental to the ~~kind or~~ kinds of insurance  
22 business ~~which that~~ it is authorized to do in this State. Each of the following ~~paragraphs~~  
23 indicates the scope of the kind of insurance business ~~specified therein.~~ specified:

24           (1) 'Life ~~insurance,~~ insurance', meaning every insurance upon the lives of  
25 human beings and every insurance appertaining thereto. The business  
26 of life insurance ~~shall be deemed to include~~ includes the granting of  
27 endowment benefits; additional benefits in the event of death by  
28 accident or accidental means; additional benefits operating to  
29 safeguard the contract from lapse, or to provide a special surrender  
30 value, in the event of total and permanent disability of the insured,  
31 including industrial sick benefit; and optional modes of settlement of  
32 proceeds.

33           (2) '~~Annuities,~~ Annuities', meaning all ~~agreement~~ agreements to make  
34 periodical payments, whether in fixed or variable dollar amounts, or  
35 both, ~~where the making or continuance of all or of some of a series of~~  
36 ~~such payments, or the amount of any such payment, is dependent upon~~  
37 ~~the continuance of human life, except payments made under the~~  
38 ~~authority of subdivision (1).~~ at specified intervals.

39           (3) 'Accident and health ~~insurance,~~ insurance', ~~meaning~~ meaning:

40           a. Insurance against death or personal injury by accident or by any  
41 specified ~~kind or~~ kinds of accident and insurance against  
42 sickness, ailment or bodily injury except as specified in  
43 paragraph b following; and

- 1                   b.     ~~Noncancelable~~ 'Noncancelable disability insurance,' meaning  
2                   insurance against disability resulting from sickness, ailment or  
3                   bodily injury (but not including insurance solely against  
4                   accidental injury), under any contract ~~which~~that does not give  
5                   the insurer the option to cancel or otherwise terminate the  
6                   contract at or after one year from its effective date or renewal  
7                   date.
- 8                   (4)    'Fire ~~insurance,~~insurance,' meaning insurance against loss of or  
9                   damage to any property resulting from fire, including loss or damage  
10                  incident to the extinguishment of a fire or to the salvaging of property  
11                  in connection therewith.
- 12                  (5)    'Miscellaneous property ~~insurance,~~insurance,' meaning loss of or  
13                  damage to property resulting from
- 14                  a.     Lightning, smoke or smudge, windstorm, tornado, cyclone,  
15                  earthquake, volcanic eruption, rain, hail, frost and freeze,  
16                  weather or climatic conditions, excess or deficiency of  
17                  moisture, flood, the rising of the waters of the ocean or its  
18                  tributaries, or
- 19                  b.     Insects, or blights, or from disease of such property other than  
20                  animals, or
- 21                  c.     Electrical disturbance causing or concomitant with a fire or an  
22                  explosion in public service or public utility property, or
- 23                  d.     Bombardment, invasion, insurrection, riot, civil war or  
24                  commotion, military or usurped power, any order of a civil  
25                  authority made to prevent the spread of a conflagration,  
26                  epidemic or catastrophe, vandalism or malicious mischief,  
27                  strike or lockout, or explosion; but not including any kind of  
28                  insurance specified in subdivision (9), except insurance against  
29                  loss or damage to property resulting from:
- 30                    1.     Explosion of pressure vessels (except steam boilers of  
31                    more than 15 pounds pressure) in buildings designed and  
32                    used solely for residential purposes by not more than  
33                    four families,
- 34                    2.     Explosion of any kind originating outside of the insured  
35                    building or outside of the building containing the  
36                    property insured,
- 37                    3.     Explosion of pressure vessels ~~which~~that do not contain  
38                    steam or ~~which~~that are not operated with steam coils or  
39                    steam jackets,
- 40                    4.     Electrical disturbance causing or concomitant with an  
41                    explosion in public service or public utility property.
- 42                  (6)    'Water damage insurance,' meaning insurance against loss or damage  
43                  by water or other fluid or substance to any property resulting from the  
44                  breakage or leakage of sprinklers, ~~pumps~~pumps, or other apparatus

erected for extinguishing fires or of water pipes or other conduits or ~~containers,~~ containers; or resulting from casual water entering through leaks or openings in buildings or by seepage through building ~~walls,~~ walls; but not including loss or damage resulting from flood or the rising of the waters of the ocean or its tributaries; and including insurance against accidental injury of such sprinklers, pumps, fire apparatus, ~~conduits~~ conduits, or containers.

(7) 'Burglary and theft insurance,' meaning:

- a. Insurance against loss of or damage to any property resulting from burglary, theft, larceny, robbery, forgery, fraud, vandalism, malicious mischief, ~~confiscation~~ confiscation, or wrongful conversion, disposal or concealment by any person or persons, or from any attempt at any of the foregoing, and
- b. Insurance against loss of or damage to moneys, coins, bullion, securities, notes, drafts, ~~acceptances~~ acceptances, or any other valuable papers or documents, resulting from any cause, except while in the custody or possession of and being transported by any carrier for hire or in the mail.

(8) 'Glass insurance,' meaning insurance against loss of or damage to glass and its appurtenances resulting from any cause.

(9) 'Boiler and machinery insurance,' meaning insurance against loss of or damage to any property of the insured, resulting from the explosion of or injury to:

- a. Any boiler, heater or other fired pressure vessel;
- b. Any unfired pressure vessel;
- c. Pipes or containers connected with any of said boilers or vessels;
- d. Any engine, turbine, compressor, pump or wheel;
- e. Any apparatus generating, transmitting or using electricity;
- f. Any other machinery or apparatus connected with or operated by any of the previously named boilers, vessels or machines;

and including the incidental power to make inspections of and to issue certificates of inspection upon, any such boilers, apparatus, and machinery, whether insured or otherwise.

(10) 'Elevator insurance,' meaning insurance against loss of or damage to any property of the insured, resulting from the ownership, maintenance or use of elevators, except loss or damage by fire.

(11) 'Animal insurance,' meaning insurance against loss of or damage to any domesticated or wild animal resulting from any cause.

(12) 'Collision insurance,' meaning insurance against loss of or damage to any property of the insured resulting from collision of any other object with ~~such~~ the property, but not including collision to or by elevators or to or by vessels, craft, piers or other instrumentalities of ocean or inland navigation.

- 1 (13) 'Personal injury liability insurance,' meaning insurance against legal  
2 liability of the insured, and against loss, ~~damage~~damage, or expense  
3 incident to a claim of such ~~liability~~liability; and including an  
4 obligation of the insurer to pay medical, hospital, ~~surgical and~~surgical,  
5 ~~or funeral benefits~~benefits; and in the case of automobile liability  
6 insurance including also disability and death benefits to injured  
7 persons, irrespective of legal liability of the insured, arising out of the  
8 death or injury of any person, or arising out of injury to the economic  
9 interests of any person as a result of negligence in rendering expert,  
10 ~~fiduciary~~fiduciary, or professional ~~service~~service; but not including  
11 any kind of insurance specified in subdivision (15).
- 12 (14) 'Property damage liability insurance,' meaning insurance against legal  
13 liability of the insured, and against loss, damage or expense incident to  
14 a claim of such liability, arising out of the loss or destruction of, or  
15 damage to, the property of any other person, but not including any  
16 kind of insurance specified in subdivision (13) or (15).
- 17 (15) 'Workers' compensation and employer's liability insurance,' meaning  
18 insurance against the legal liability, whether imposed by common law  
19 or by statute or assumed by contract, of any employer for the death or  
20 disablement of, or injury to, ~~his or its~~the employer's employee.
- 21 (16) 'Fidelity and surety insurance,' meaning:  
22 a. Guaranteeing the fidelity of persons holding positions of public  
23 or private trust;  
24 b. Becoming surety on, or guaranteeing the performance of, any  
25 lawful contract except the following:  
26 1. A contract of indebtedness secured by title to, or  
27 mortgage upon, or interest in, real or personal property;  
28 2. Any insurance contract except reinsurance;  
29 c. Becoming surety on, or guaranteeing the performance of, bonds  
30 and undertakings required or permitted in all judicial  
31 proceedings or otherwise by law allowed, including surety  
32 bonds accepted by states and municipal authorities in lieu of  
33 deposits as security for the performance of insurance contracts;  
34 d. Guaranteeing contracts of indebtedness secured by any title to,  
35 or interest in, real property, only to the extent required for the  
36 purpose of refunding, extending, refinancing, liquidating or  
37 salvaging obligations heretofore lawfully made and guaranteed;  
38 e. Indemnifying banks, bankers, brokers, financial or moneyed  
39 corporations or associations against loss resulting from any  
40 cause of bills of exchange, notes, bonds, securities, evidences of  
41 debts, deeds, mortgages, warehouse receipts, or other valuable  
42 papers, documents, money, precious metals and articles made  
43 therefrom, jewelry, watches, necklaces, bracelets, gems,  
44 precious and semiprecious stones, including any loss while the

1 same are being transported in armored motor vehicles, or by  
2 ~~messenger, messenger,~~ but not including any other risks of  
3 transportation or navigation; also against loss or damage to such  
4 an insured's premises, or to ~~his~~ the insured's furnishings,  
5 fixtures, equipment, safes and vaults therein, caused by  
6 burglary, robbery, theft, vandalism or malicious mischief, or  
7 any attempt thereat.

8 (17) 'Credit insurance,' meaning indemnifying merchants or other persons  
9 extending credit against loss or damage resulting from the nonpayment  
10 of debts owed to them; and including the incidental power to acquire  
11 and dispose of debts so insured, and to collect any debts owed to ~~such~~  
12 the insurer or to any person so insured by ~~him~~ the insurer including  
13 without limiting the foregoing, mortgage guaranty insurance ~~which~~ that  
14 is insurance against financial loss by reason of the nonpayment of  
15 principal, interest, and other sums agreed to be paid under the terms of  
16 any note or bond, or other evidence of indebtedness secured by a  
17 security interest, mortgage, deed of trust, or other instrument  
18 constituting a lien or charge on real estate, or on such personal  
19 property as the Commissioner may from time to time approve.

20 (18) 'Title insurance,' meaning insuring the owners of real property and  
21 chattels real and other persons lawfully interested therein against loss  
22 by reason of defective titles and encumbrances thereon and insuring  
23 the correctness of searches for all instruments, liens or charges  
24 affecting the title to ~~such~~ that property, including the power to procure  
25 and furnish information relative thereto, and ~~such~~ other incidental  
26 powers ~~as~~ that are specifically granted in Articles 1 through 64 of this  
27 Chapter.

28 (19) 'Motor vehicle and aircraft insurance,' meaning insurance against loss  
29 of or damage resulting from any cause to motor vehicles or aircraft and  
30 their equipment, and against legal liability of the insured for loss or  
31 damage to ~~the~~ another's property ~~of another~~ resulting from the  
32 ownership, maintenance or use of motor vehicles or aircraft and  
33 against loss, damage or expense incident to a claim of such liability.

34 (20) 'Marine insurance,' meaning insurance against any and all kinds of  
35 loss or damage to:

- 36 a. Vessels, craft, aircraft, cars, automobiles and vehicles of every  
37 kind, as well as all goods, freights, cargoes, merchandise,  
38 effects, disbursements, profits, moneys, bullion, precious  
39 stones, securities, choses in action, evidences of debt, valuable  
40 papers, bottomry and respondentia interests and all other kinds  
41 of property and interests therein, in respect to, appertaining to  
42 or in connection with any and all risks or perils of navigation,  
43 transit, or transportation, including war risks, on or under any  
44 seas or other waters, on land or in the air, or while being

- 1 assembled, packed, crated, baled, compressed or similarly  
2 prepared for shipment or while awaiting the same or during any  
3 delays, storage, transshipment, or reshipment incident thereto,  
4 including marine builder's risks and all personal property floater  
5 risks, and
- 6 b. Person or to property in connection with or appertaining to a  
7 marine, inland marine, transit or transportation insurance,  
8 including liability for loss of or damage to either, arising out of  
9 or in connection with the construction, repair, operation,  
10 maintenance or use of the subject matter of ~~such~~the insurance  
11 (but not including life insurance or surety bonds nor insurance  
12 against loss ~~by reason~~because of bodily injury to the person  
13 arising out of the ownership, maintenance or use of  
14 automobiles), and
- 15 c. Precious stones, jewels, jewelry, gold, silver and other precious  
16 metals, whether used in business or trade or otherwise and  
17 whether the same be in course of transportation or otherwise,  
18 and
- 19 d. Bridges, tunnels and other instrumentalities of transportation  
20 and communication (excluding buildings, their furniture and  
21 furnishings, fixed contents and supplies held in storage) unless  
22 fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot  
23 and/or civil commotion are the only hazards to be covered;  
24 piers, wharves, docks and slips, excluding the risks of fire,  
25 tornado, sprinkler leakage, hail, explosion, earthquake, riot  
26 and/or civil commotion; other aids to navigation and  
27 transportation, including dry docks and marine railways against  
28 all risks.
- 29 (21) 'Marine protection and indemnity insurance,' meaning insurance  
30 against, or against legal liability of the insured for, loss, damage or  
31 expense arising out of, or incident to, the ownership, operation,  
32 chartering, maintenance, use, repair or construction of any vessel, craft  
33 or instrumentality in use in ocean or inland waterways, including  
34 liability of the insured for personal injury, illness or death or for loss of  
35 or damage to the property of another person.
- 36 (22) 'Miscellaneous insurance,' meaning insurance against any other  
37 casualty authorized by the charter of the company, not included in  
38 subdivisions (1) to (21) ~~inclusive~~—of this section, which is a proper  
39 subject of insurance."
- 40 Sec. 8. G.S. 58-58-110(a) reads as rewritten:
- 41 "(a) Each insurer admitted to transact insurance in this State which, without the  
42 written consent of the beneficiary, fails or refuses to pay the death proceeds or death  
43 benefits in accordance with the terms of any policy ~~of life or accident insurance~~providing  
44 a death benefit issued by it in this State within 30 days after receipt of satisfactory proof



1 of loss because of the death, whether accidental or otherwise, of the insured shall pay  
2 interest, at a rate not less than the then current rate of interest on death proceeds left on  
3 deposit with the insurer computed from the date of the insured's death, on any moneys  
4 payable and unpaid after the expiration of ~~such~~the 30-day period. As used in this  
5 subsection, the phrase "satisfactory proof of loss because of the death" includes, but is  
6 not limited to, a certified copy of the death certificate; or a written statement by the  
7 attending physician at the time of death that contains the following information: (i) the  
8 name and address of the physician, who must be duly licensed to practice medicine in  
9 the United States; (ii) the name of the deceased; (iii) the date, time, and place of the  
10 death; and (iv) the immediate cause of the death."

11 Sec. 9. G.S. 58-58-140 reads as rewritten:

12 **"§ 58-58-140. Group life insurance standard provisions.**

13 No policy of group life insurance shall be delivered in this State unless it contains in  
14 substance the following provisions, or provisions which in the Commissioner's opinion  
15 ~~of the Commissioner~~ are more favorable to the persons insured, or at least as favorable to  
16 the persons insured and more favorable to the policyholder, provided, however, (i) that  
17 subdivisions (6) ~~to through~~ (10) ~~inclusive shall of this section do not~~ apply to policies  
18 issued to a creditor to insure the creditor's debtors; ~~creditors of such creditor~~; (ii) that the  
19 standard provisions required for individual life insurance policies ~~shall do not~~ apply to  
20 group life insurance policies; and (iii) that if the group life insurance policy is on a plan  
21 of insurance other than the term plan, it shall contain a nonforfeiture provision or  
22 provisions ~~which that~~ in the Commissioner's opinion ~~of the Commissioner~~ is or are  
23 equitable to the insured persons and to the policyholder, but nothing ~~herein shall be~~  
24 ~~construed to require that in this section requires~~ group life insurance policies to contain  
25 the same nonforfeiture provisions as ~~that~~ are required for individual life insurance  
26 policies:

- 27 (1) A provision that the policyholder is entitled to a grace period of 31  
28 days for the payment of any premium due except the first, during  
29 which grace period the death benefit coverage shall continue in force,  
30 unless the policyholder ~~shall have~~ has given the insurer written notice  
31 of discontinuance ~~in advance of before~~ the date of discontinuance and  
32 in accordance with the terms of the policy. The policy may provide  
33 that the policyholder shall be liable to the insurer for the payment of a  
34 pro rata premium for the time the policy was in force during ~~such~~the  
35 grace period.
- 36 (2) A provision that the validity of the policy shall not be contested,  
37 except for nonpayment of premiums, after it has been in force for two  
38 years from its date of issue; and that no statement made by any person  
39 insured under the policy relating to ~~his~~ that person's insurability shall  
40 be used in contesting the validity of the insurance with respect to  
41 which ~~such~~the statement was made after ~~such~~the insurance has been in  
42 force ~~prior to before~~ the contest for a period of two years during ~~such~~  
43 the person's lifetime nor unless it is contained in a written instrument  
44 signed by ~~him~~ the person.

- 1 (3) A provision that a copy of the application, if any, of the policyholder  
2 shall be attached to the policy when issued, that all statements made by  
3 the policyholder or by the persons insured shall be ~~deemed~~ considered  
4 representations and not ~~warranties, warranties;~~ and that no statement  
5 made by any person insured shall be used in any contest unless a copy  
6 of the instrument containing the statement is or has been furnished to  
7 ~~such the person~~ or to his the person's beneficiary.
- 8 (4) A provision setting forth the conditions, if any, under which the insurer  
9 reserves the right to require a person eligible for insurance to furnish  
10 evidence of individual insurability satisfactory to the insurer as a  
11 condition to part or all of ~~his the person's~~ coverage.
- 12 (5) A provision specifying an equitable adjustment of premiums or ~~of~~  
13 ~~benefits benefits, or of both both,~~ to be made ~~in the event if~~ the age of a  
14 person insured has been ~~misstated, such misstated;~~ the provision to  
15 contain a clear statement of the method of adjustment to be used.
- 16 (6) A provision that any sum becoming due ~~by reason because~~ of the death  
17 of the person insured shall be payable to the beneficiary designated by  
18 the person insured, subject to the provisions of the policy ~~in the event if~~  
19 there is no designated beneficiary as to all or any part of ~~such the~~ sum  
20 living at the death of the person insured, and subject to any right  
21 reserved by the insurer in the policy and set forth in the certificate to  
22 pay at its option a part of ~~such the~~ sum not exceeding two hundred fifty  
23 dollars (\$250.00) to any person appearing to the insurer to be equitably  
24 entitled thereto by ~~reason of~~ having incurred funeral or other expenses  
25 incident to the last illness or death of the person insured.
- 26 (7) A provision that the insurer will issue to the ~~policyholder policyholder,~~  
27 for delivery to each person ~~insured insured,~~ an individual certificate  
28 setting forth a statement as to the insurance protection to which ~~he the~~  
29 person is entitled, to whom the insurance benefits are payable, and the  
30 rights and conditions set forth in subdivisions (8), (9) and (10)  
31 ~~following of this section.~~
- 32 (8) A provision that if the insurance, or any portion of it, on a person  
33 covered under the policy ceases because of termination of employment  
34 or of membership in the ~~class or~~ classes eligible for coverage under the  
35 policy, ~~such the~~ person shall be entitled to ~~have be~~ issued to ~~him~~ by the  
36 insurer, without evidence of insurability, an individual policy of life  
37 insurance without disability or other supplementary benefits, provided  
38 application for the individual policy shall be made, and the first  
39 premium paid to the insurer, within 31 days after such termination, and  
40 provided further that,  
41 a. The individual policy shall, at the option of ~~such the~~ person, be  
42 on any one of the forms, except term insurance, then  
43 customarily issued by the insurer at the age and for the amount  
44 applied for;

- 1           b.     The individual policy shall be in an amount not in excess of the  
2           amount of life insurance which ceases because of ~~such~~the  
3           termination, provided that any amount of insurance which shall  
4           have matured on or before the date of ~~such~~the termination as an  
5           endowment payable to the person insured, whether in one sum  
6           or in installments or in the form of an annuity, shall not, for the  
7           purposes of this provision, be included in the amount which is  
8           considered to cease because of ~~such~~the termination; and
- 9           c.     The premium on the individual policy shall be at the insurer's  
10          then customary rate applicable to the form and amount of the  
11          individual policy, to the class of risk to which ~~such~~the person  
12          then belongs, and to ~~his~~the person's age ~~attained~~ on the effective  
13          date of the individual policy.

14       (9)     A provision that if the group policy terminates or is amended so as to  
15       terminate the insurance of any class of insured persons, every person  
16       insured ~~thereunder~~under the policy at the date of ~~such~~the termination  
17       whose insurance terminates and who has been so insured for at least  
18       five years ~~prior to such~~before the termination date shall be entitled to  
19       ~~have issued to him~~be issued by the insurer an individual policy of life  
20       insurance, subject to the ~~same~~ conditions and limitations ~~as are provided~~  
21       ~~by~~in (8) above, except that the group policy may provide that the  
22       amount of ~~such~~the individual policy shall not exceed the smaller of (i)  
23       the amount of the person's life insurance protection ceasing because of  
24       the termination or amendment of the group policy, less the amount of  
25       any life insurance for which ~~he~~the person is or becomes eligible under  
26       any group policy issued or reinstated by the same or another insurer  
27       within 31 days after ~~such~~ termination, and (ii) ~~two thousand dollars~~  
28       ~~(\$2,000)~~ten thousand dollars (\$10,000).

29       (10)    A provision that if a person insured under the group policy dies during  
30       the period within which ~~he~~the person would have been entitled to have  
31       been issued an individual policy ~~issued to him~~ in accordance with (8) or  
32       (9) above and before such an individual policy shall have become  
33       effective, the amount of life insurance which ~~he~~the person would have  
34       been entitled to have been issued to him under ~~such~~the individual  
35       policy shall be payable as a claim under the group policy, whether or  
36       not application for the individual policy or the payment of the first  
37       premium therefor has been made."

38       Sec. 10. G.S. 58-60-35(a)(2) reads as rewritten:

39       "(2)    'Prearrangement insurance policy' means a life insurance policy,  
40       annuity contract, or other insurance contract, or any series of contracts  
41       or agreements in any form or manner, issued on a group or individual  
42       basis by an insurance company authorized by law to do business in this  
43       State, which, whether by assignment or otherwise, has for a purpose  
44       the funding of a specific preneed funeral contract or a specific

1 insurance-funded funeral or burial prearrangement, the insured being  
2 the person for whose service the funds were paid."

3 Sec. 11. G.S. 58-51-80(g) reads as rewritten:

4 "(g) Any policy or contract of group accident, group health or group accident and  
5 health insurance may provide for readjustment of the rate of premium based on the  
6 experience thereunder at the end of the first year, or at any time during any subsequent  
7 year based upon at least 12 months of experience: Provided that any such readjustment  
8 after the first year shall not be made any more frequently than once every six months.  
9 Any rate adjustment must be preceded by a 45-day notice to the contract holder before  
10 the effective date of any rate increase or any policy benefit revision. A notice of  
11 nonrenewal shall be given to the contract holder 45 days prior to termination. Any  
12 refund under any plan for readjustment of the rate of premium based on the experience  
13 under group policies and any dividend paid under ~~such-the~~ policies may be used to  
14 reduce the employer's or principal's contribution to group insurance for the employees  
15 of the employer, or the agents of the principal, and the excess over ~~such-the~~ contribution  
16 by the employer, or principal, shall be applied by the employer, or principal, for the sole  
17 benefit of the employees or agents."

18 Sec. 12. G.S. 58-51-30 reads as rewritten:

19 **"§ 58-51-30. Policies to cover newborn ~~infants.~~ infants and adopted children.**

20 Every policy of insurance and every hospital service or medical service plan as  
21 defined in Articles 65 and 66 of this ~~Chapter~~ Chapter, and any health care plan operated  
22 by a health maintenance organization as defined in Article 67 of this Chapter (regardless  
23 of whether any of such policies or plans shall be defined as individual, family, group,  
24 blanket, franchise, industrial or otherwise) ~~which-that~~ provides benefits on account of  
25 any sickness, illness, or disability of any minor child or ~~which-that~~ provides benefits on  
26 account of any medical treatment or service authorized or permitted to be furnished by a  
27 hospital under the laws of this State to any minor child shall provide ~~such-the~~ benefits  
28 for ~~such-those~~ occurrences beginning with the moment of the child's birth ~~of such child~~ if  
29 such-the birth occurs while ~~said policy or the policy,~~ subscriber ~~contract~~ contract, or  
30 evidence of coverage with such a plan is in force. Adoptive children shall be treated the  
31 same as newborn infants and eligible for coverage on the same basis upon placement in  
32 the adoptive home, regardless of whether a final decree of adoption has been entered;  
33 provided that a petition for adoption has been duly filed and is pursued to a final degree  
34 of adoption.

35 Benefits in such insurance ~~policies or plans~~ policies, plans, or evidence of coverage  
36 shall be the same for congenital defects or anomalies as are provided for most  
37 sicknesses or illnesses suffered by minor children which are covered by ~~said policies or~~  
38 the policies, plans. ~~plans, or evidence of coverage.~~ Benefits for congenital defects or  
39 anomalies shall specifically include, but not be limited to, all necessary treatment and  
40 care needed by individuals born with cleft lip or cleft palate.

41 No policy or plan subscriber contract or evidence of coverage shall be approved by  
42 the Commissioner of Insurance pursuant to the provisions of this Article or the  
43 provisions of Articles ~~65 and 66~~ 65, 66, and 67 of this Chapter that does not comply with  
44 the provisions of this section.

1 The provisions of this section shall apply both to insurers governed by the provisions  
2 of Articles 1 through 64 of this Chapter and to corporations governed by the provisions  
3 of Articles ~~65 and 66~~ 65, 66, and 67 of this Chapter."

4 Sec. 13. G.S. 58-67-50(c) reads as rewritten:

5 "(c) The Commissioner shall, within a reasonable period, approve any form if the  
6 requirements of paragraph (1) are met and any schedule of premiums if the  
7 requirements of paragraph (2) are met. It shall be unlawful to issue ~~such~~ the form or to  
8 use ~~such~~ the schedule of premiums until approved. If the Commissioner disapproves  
9 ~~such~~ the filing, ~~he~~ the Commissioner shall notify the filer. In the notice, the  
10 Commissioner shall specify the reasons for ~~his~~ disapproval. A hearing will be granted  
11 within 30 days after a request in writing by the person filing. If the Commissioner does  
12 not approve or disapprove any form or schedule of premiums within ~~30-90~~ days ~~of~~ after  
13 the filing for forms and within 60 days after the filing for premiums, of such forms or  
14 premiums, they shall be deemed to be approved."

15 Sec. 14. Article 3 of Chapter 58 of the General Statutes is amended by  
16 adding a new section to read:

17 "**§ 58-3-102. Request for determination of coverage under health benefit payment**  
18 **mechanisms; required response time; penalties.**

19 (a) As used in this section, 'insurer' means any payer of health benefits that is  
20 subject to Articles 1 through 66 of this Chapter.

21 (b) When a person or that person's health care provider or representative requests  
22 that person's insurer to determine whether a transplant is eligible for benefits under that  
23 person's health benefit coverage, the insurer shall, within 10 business days after receipt  
24 of the request and medical documentation necessary for normal claims processing,  
25 inform the requesting person as to whether there is coverage; provided coverage exists  
26 at the time of the transplant.

27 (c) This section applies only to health care treatments or procedures that are  
28 considered to be medically necessary by the person's health care provider."

29 Sec. 15. G.S. 58-69-5 reads as rewritten:

30 "**§ 58-69-5. License required.**

31 No motor club, district or branch office of a motor club, or franchise motor club  
32 shall engage in business in this State unless it holds a valid license issued to it by the  
33 Commissioner as ~~hereinafter provided~~ provided in this Article. The license shall at all  
34 times be prominently displayed in each office of the entity to which the license is  
35 issued."

36 Sec. 16. G.S. 58-33-25(e) reads as rewritten:

37 "(e) A limited representative may receive qualification for one or more licenses  
38 without examination for the following kinds of insurance:

39 (1), (2) Repealed by Session Laws 1989, c. 485, s. 19.

40 (3) Credit Life, Accident and Health

41 (4) Credit

42 (5) Travel Accident and Baggage

43 (6) Motor Club

44 (7) ~~Dental Service~~ Services

1           (8) Bail bonds executed or countersigned by surety bondsmen under  
2           Article 71 of this Chapter."

3           Sec. 17. G.S. 58-71-80 reads as rewritten:

4   "**§ 58-71-80. Grounds for denial, suspension, revocation or refusal to renew**  
5   **licenses.**

6   (a) The Commissioner may deny, suspend, or revoke or refuse to renew any  
7 license issued under this Article for any of the following causes:

8           (1) For any cause sufficient to deny, suspend, or revoke license under any  
9           other provision of this Article.

10          (2) Violation of any laws of this State relating to bail in the course of  
11          dealings under the license issued ~~him~~ by the Commissioner.

12          (3) Material misstatement, misrepresentation or fraud in obtaining the  
13          license.

14          (4) Misappropriation, conversion or unlawful withholding of moneys  
15          belonging to insurers or others and received in the conduct of business  
16          under the license.

17          (5) Fraudulent or dishonest practices in the conduct of business under the  
18          license.

19          (6) Conviction of a felony regardless of the time ~~such~~the conviction  
20          occurred and regardless of whether ~~such~~the conviction resulted from  
21          conduct in or related to the bail bond business.

22          (7) Failure to comply with or violation of the provisions of this Article or  
23          of any order, rule or regulation of the Commissioner.

24          (8) When in the judgment of the Commissioner, the licensee has in the  
25          conduct of ~~his~~the licensee's affairs under the license, demonstrated  
26          incompetency—incompetency, financial irresponsibility, or  
27          ~~untrustworthiness~~untrustworthiness; or that ~~he~~the licensee is no longer  
28          in good faith carrying on the bail bond ~~business~~business; or that ~~he~~the  
29          licensee is guilty of rebating, or offering to rebate, or offering to divide  
30          the premiums received for the bond.

31          (9) For failing to pay any judgment or decree rendered on any forfeited  
32          undertaking in any court of competent jurisdiction.

33          (10) For charging or receiving, as premium or compensation for the making  
34          of any deposit or bail bond, any sum in excess of that permitted by this  
35          Article.

36          (11) For requiring, as a condition of ~~his~~ executing a bail bond, that the  
37          principal agree to engage the services of a specified attorney.

38          (12) For cheating on an examination for a license under this Article.

39          (13) For entering into any business association or agreement with any  
40          ~~person, which person~~ person who is at that time found by the  
41          Commissioner to be in violation of any of the bail bond laws of this  
42          State, or ~~which person~~ who has been in any manner disqualified under  
43          the bail bond laws of any other state, whereby ~~such~~the person has any

1 direct or indirect financial interest in the bail bond business of the  
2 licensee or applicant.

3 (14) For knowingly aiding or abetting others to evade or violate the  
4 provisions of this Article.

5 (15) Any cause for which issuance of the license could not have been  
6 refused had it then existed and been known to the Commissioner at the  
7 time of issuance.

8 (b) The Commissioner, in lieu of revoking or suspending a license in accordance  
9 with the provisions of this Article, may, in any one proceeding, by order, require the  
10 licensee to pay to the school fund in the licensee's county of ~~his~~ residence a civil penalty  
11 ~~in the sum of~~ two hundred fifty dollars (\$250.00) for each offense. Upon the licensee's  
12 ~~failure of such licensee to pay the penalty within 20 days after the mailing of such order,~~  
13 order is mailed, postage prepaid, registered and addressed to the licensee's last known  
14 place of ~~business of such licensee, business,~~ unless such the order is stayed by an order of  
15 the court of competent ~~jurisdiction, jurisdiction or unless the Commissioner has already~~  
16 suspended or revoked the license of the licensee, the Commissioner may revoke the  
17 license ~~of such licensee or may suspend the same license for such a period as he may~~  
18 determine, any period."

19 Sec. 18. G.S. 58-71-105 reads as rewritten:

20 "**§ 58-71-105. Persons prohibited from becoming surety or runners.**

21 No sheriff, deputy sheriff, other law-enforcement officer, judicial official, attorney,  
22 parole officer, probation officer, jailer, assistant jailer, employee of the General Court of  
23 Justice, nor other public employee assigned to duties relating to the administration of  
24 criminal justice, nor the spouse of any such person, may in any case become surety on a  
25 bail bond for any person. In addition, no person covered by this section may act as an  
26 agent for any bonding company or professional bondsman. No such person may have an  
27 interest, directly or indirectly, in the financial affairs of any firm or corporation whose  
28 principal business is acting as ~~bondsmen, a bail bondsman.~~ Provided, however, However,  
29 nothing herein shall prohibit in this section prohibits any such person above designated  
30 from being surety upon the bond of his or her spouse, parent, brother, sister, ~~child~~ child,  
31 or descendant."

32 Sec. 19. G.S. 58-71-185 reads as rewritten:

33 "**§ 58-71-185. Penalties for violations.**

34 Any person, firm, association or corporation violating any of the provisions of this  
35 Article is guilty of a misdemeanor and shall upon conviction for each offense be fined  
36 ~~not more than five hundred dollars (\$500.00) or imprisoned for not more than six months, or~~  
37 both in the discretion of the court."

38 Sec. 20. G.S. 58-71-165 reads as rewritten:

39 "**§ 58-71-165. Monthly report required.**

40 Each professional bail bondsman and surety bondsman shall file with the  
41 Commissioner of Insurance a written report in form prescribed by the Commissioner  
42 regarding all bail bonds on which ~~he the bondsman~~ is liable as of the first day of each  
43 month showing (i) each individual bonded, (ii) the date ~~such the~~ the bond was given, (iii)  
44 the principal sum of the bond, (iv) the State or local official to whom given, and (v) the

1 fee charged for the bonding service in each instance. ~~Such~~ The report shall be filed on  
2 or before the fifteenth day of each month. Within the same time, a copy of this written  
3 report must also be filed with the clerk of superior court in any county in which he~~the~~  
4 bondsman is obligated on bail bonds. Any person who willfully falsifies a report  
5 required by this section is guilty of a Class J felony."

6 Sec. 21. G.S. 58-71-170 reads as rewritten:

7 **"§ 58-71-170. Examinations.**

8 (a) ~~Whenever the Commissioner deems it prudent he prudent,~~ the Commissioner  
9 shall visit and examine or cause to be visited and examined by some a competent person  
10 appointed by him the Commissioner for that purpose any professional bail bondsman  
11 subject to the provisions of this Article. For this purpose the Commissioner or person  
12 making the examination shall have free access to all books and papers of the bondsman  
13 that relate to his the bondsman's business and to the books and papers kept by any of his  
14 the bondsman's agents or runners.

15 (b) The Commissioner may conduct examinations of surety bondsmen under  
16 G.S. 58-2-195 as well as under subsection (a) of this section."

17 Sec. 22. Article 71 of Chapter 58 of the General Statutes is amended by  
18 adding two new subsections to read:

19 **"§ 58-71-167. Portion of bond premium payments deferred.**

20 (a) In any case where the agreement between principal and surety calls for some  
21 portion of the bond premium payments to be deferred or paid after the defendant has  
22 been released from custody, a written memorandum of agreement between the principal  
23 and surety shall be kept on file by the surety with a copy provided to the principal. The  
24 memorandum shall contain the following information:

25 (1) The amount of the premium payment deferred or not yet paid at the  
26 time the defendant is released from jail.

27 (2) The method and schedule of payment to be made by the defendant to  
28 the bondsman, which shall include the dates of payment and amount to  
29 be paid on each date.

30 (b) The memorandum must be signed by the defendant and the bondsman, or one  
31 of the bondsman's agents, and dated at the time the agreement is made. Any subsequent  
32 modifications of the memorandum must be in writing, signed, dated, and kept on file by  
33 the surety, with a copy provided to the principal.

34 **"§ 58-71-168. Records to be maintained.**

35 All records related to executing bail bonds, including bail bond registers, monthly  
36 reports, receipts, collateral security agreements, and memoranda of agreements, shall be  
37 kept separate from records of any other business and must be maintained for not less  
38 than three years after the final entry has been made."

39 Sec. 23. G.S. 58-70-65 is amended by adding a new subsection to read:

40 "(c) Each permit holder located outside this State shall deposit in a separate trust  
41 account, designated for its North Carolina creditors, funds to pay all monies due or  
42 owing all collection creditors or forwarders located within this State."

43 Sec. 24. Reserved.



1           Sec. 25. Article 4 of Chapter 97 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 97-143. Use of deposits made by insolvent member self-insurers.**

4           After the Commissioner has notified the Association, under G.S. 97-136(a), that a  
5 member is insolvent, the Commissioner shall assign and deliver to the Association, and  
6 the Association is authorized to expend, the deposit made by the insolvent member  
7 pursuant to G.S. 97-93(b), to the extent the deposit is needed by the Association to pay  
8 covered claims against the premium taxes owed by the insolvent member as required by  
9 this Article, and to the extent the deposit is needed to pay expenses of the Association  
10 relating to covered claims against the insolvent member. The Association shall account  
11 to the Commissioner and the insolvent member or its successor for all deposits received  
12 from the Commissioner under this section."

13           Sec. 26. G.S. 58-2-40 reads as rewritten:

14 **"§ 58-2-40. Powers and duties of Commissioner.**

15           The Commissioner shall:

- 16           (1) See that all laws of this State that ~~he the Commissioner~~ is statutorily  
17 responsible for administering and the provisions of this Chapter are  
18 faithfully executed; and to that end ~~he shall have power and authority to~~  
19 ~~make the Commissioner~~ is authorized to adopt rules in accordance with  
20 Chapter 150B of the General Statutes, in order to enforce, carry out  
21 and make effective the provisions of those laws. ~~He The~~  
22 Commissioner is also has the authority authorized to make adopt such  
23 further rules not contrary to those laws ~~which that~~ will prevent persons  
24 subject to ~~his the Commissioner's~~ regulatory authority from engaging  
25 in practices injurious to the public.
- 26           (2) Have the power and authority to ~~make and promulgate adopt~~ rules and  
27 ~~regulations~~ pertaining to and governing the solicitation of proxies,  
28 including financial reporting in connection therewith, with respect to  
29 the capital stock or other equity securities of any domestic stock  
30 insurance company.
- 31           (3) ~~Furnish Prescribe~~ to the companies, associations, ~~orders orders,~~ or  
32 bureaus required by Articles 1 through 64 of this Chapter to report to  
33 ~~him, the Commissioner,~~ the necessary ~~blank~~ forms for the statements  
34 required, ~~which forms may be changed by him required.~~ The  
35 Commissioner may change those forms from time to time when  
36 necessary to secure full information as to the standing, ~~condition~~  
37 condition, and such other information desired of companies,  
38 associations, ~~orders orders,~~ or bureaus under the ~~Insurance jurisdiction~~  
39 of the Department.
- 40           (4) Receive and thoroughly examine each ~~annual financial~~ statement  
41 required by Articles 1 through 64 of this Chapter.
- 42           (5) Report in detail to the Attorney General any violations of the laws  
43 relative to insurance companies, associations, orders and bureaus or  
44 the business of ~~insurance, insurance;~~ and ~~he the Commissioner shall~~

1 ~~have power to~~ may institute civil actions or criminal prosecutions either  
2 by the Attorney General or ~~such other~~ another attorney ~~as whom~~ the  
3 Attorney General may select, for any violation of the provisions of  
4 Articles 1 through 64 of this Chapter.

5 (6) Upon a proper application by any citizen of this State, give a statement  
6 or synopsis of the provisions of any insurance contract offered or  
7 issued to ~~such~~ the citizen.

8 (7) ~~Administer by himself~~ Administer, or ~~by his~~ the Commissioner's deputy  
9 may administer, all oaths required in the discharge of ~~his~~ the  
10 Commissioner's official duty.

11 (8) Compile and make available to the public such lists of rates charged,  
12 including deviations, and such explanations of coverages that are  
13 provided by insurers for and in connection with contracts or policies of  
14 (i) insurance against loss to residential real property with not more  
15 than four housing units located in this State and any contents thereof or  
16 valuable interest therein and other insurance coverages written in  
17 connection with the sale of such property insurance and (ii) private  
18 passenger (nonfleet) motor vehicle liability, physical damage, theft,  
19 medical payments, uninsured motorists, and other insurance coverages  
20 written in connection with the sale of such insurance, as may be  
21 advisable to inform the public of insurance premium differentials and  
22 of the nature and types of coverages provided. The explanations of  
23 coverages provided for in this section must comply with the provisions  
24 of Article 38 of this Chapter."

25 Sec. 27. G.S. 58-51-20(a) reads as rewritten:

26 "(a) Every individual or blanket family hospitalization policy and accident and  
27 health policy, other than ~~noncancellable~~ noncancelable or nonrenewable policies but  
28 including group, blanket and franchise policies, as defined in Articles 1 through 64 of  
29 this Chapter, covering less than 10 persons, issued in North Carolina after January 1,  
30 1956, shall include in substance the following provision:

31 Renewability: This policy is renewable at the option of the policyholder unless  
32 sufficient notice of nonrenewal is given the policyholder in writing by the insurer.

33 Sufficient notice shall be, during the first year of any policy, or during the first year  
34 following any lapse and reinstatement, a period of 30 days ~~prior to~~ before the premium  
35 due date. After one continuous year of coverage and acceptance of premium for any  
36 portion of the second or subsequent year sufficient notice shall be a number of full  
37 months most nearly equivalent to one fourth the number of months of continuous  
38 coverage from the ~~first anniversary of the date of issue or reinstatement~~, inception date of  
39 the policy, to the date of mailing of ~~such~~ the notice: Provided no period of required  
40 notice shall exceed two years."

41 Sec. 28. Article 63 of Chapter 58 of the General Statutes is amended by  
42 adding a new section to read:

43 "**§ 58-63-32. Cease and desist order.**

1 (a) If, after a hearing under G.S. 58-63-25, the Commissioner determines that the  
2 method of competition or the act or practice in question is defined in G.S. 58-63-15 and  
3 that the person complained of has engaged in the method of competition, act, or practice  
4 in violation of this Article, the Commissioner shall reduce his finding to writing and  
5 shall issue and cause to be served upon the person charged with the violation an order  
6 requiring the person to cease and desist from engaging in the method, act, or practice.

7 (b) Until the expiration of the time allowed under G.S. 58-63-35(a) for filing a  
8 petition for review, if no such petition has been duly filed within that time, then until the  
9 transcript of the record in the proceeding has been filed in court, the Commissioner may  
10 at any time, upon such notice and in such manner as the Commissioner considers  
11 proper, modify or set aside in whole or in part any order issued by the Commissioner  
12 under this section.

13 (c) After the expiration of the time allowed for filing a petition for review, if no  
14 such petition has been duly filed within that time, the Commissioner may at any time,  
15 after notice and opportunity for hearing, reopen and alter, modify, or set aside, in whole  
16 or in part, any order issued by the Commissioner under this section, whenever in the  
17 Commissioner's opinion conditions of fact or of law have so changed as to require the  
18 action or if the public interest requires."

19 Sec. 29. G.S. 58-63-30 is repealed.

20 Sec. 30. Article 62 of Chapter 58 of the General Statutes is amended by  
21 adding a new section to read:

22 **"§ 58-62-92. Procedure for appeal to Commissioner from decision of Association.**

23 In any hearing called by the Commissioner for an appeal made under G.S. 58-62-  
24 90(b), no later than 20 days before the hearing the appellant shall file with the  
25 Commissioner or the Commissioner's designated hearing officer and shall serve on the  
26 appellee a written statement of the appellant's case and any evidence the appellant  
27 intends to offer at the hearing. No later than five days before the hearing, the appellee  
28 shall file with the Commissioner or the Commissioner's designated hearing officer and  
29 shall serve on the appellant a written statement of the appellee's case and any evidence  
30 the appellee intends to offer at the hearing. Each hearing shall be recorded and  
31 transcribed. The cost of recording and transcribing shall be borne equally by the  
32 appellant and the appellee; however, upon any final adjudication the prevailing party  
33 shall be reimbursed for that party's share of the costs by the other party. Each party  
34 shall, on a date determined by the Commissioner or the Commissioner's designated  
35 hearing officer, but not sooner than 15 days after delivery of the completed transcript to  
36 the party, submit to the Commissioner or the Commissioner's designated hearing officer  
37 and serve on the other party, a proposed order. The Commissioner or the  
38 Commissioner's designated hearing officer shall then issue an order."

39 Sec. 31. Article 48 of Chapter 58 of the General Statutes is amended by  
40 adding a new section to read:

41 **"§ 58-48-42. Procedure for appeal to Commissioner from decision of Association.**

42 In any hearing called by the Commissioner for an appeal made pursuant to G.S. 58-  
43 48-40(7), no later than 20 days before the hearing the appellant shall file with the  
44 Commissioner or the Commissioner's designated hearing officer and shall serve on the

1 appellee a written statement of the appellant's case and any evidence the appellant  
2 intends to offer at the hearing. No later than five days before the hearing, the appellee  
3 shall file with the Commissioner or the Commissioner's designated hearing officer and  
4 shall serve on the appellant a written statement of the appellee's case and any evidence  
5 the appellee intends to offer at the hearing. Each hearing shall be recorded and  
6 transcribed. The cost of the recording and transcribing shall be borne equally by the  
7 appellant and the appellee. However, upon any final adjudication the prevailing party  
8 shall be reimbursed for that party's share of the costs by the other party. Each party  
9 shall, on a date determined by the Commissioner or the Commissioner's designated  
10 hearing officer, but not sooner than 15 days after delivery of the completed transcript to  
11 the party, submit to the Commissioner or the Commissioner's designated hearing officer  
12 and serve on the other party, a proposed order. The Commissioner or the  
13 Commissioner's designated hearing officer shall then issue an order."

14 Sec. 32. G.S. 58-7-75 reads as rewritten:

15 **"§ 58-7-75. Amount of capital and/or surplus required; impairment of capital or**  
16 **surplus.**

17 The amount of capital and/or surplus requisite to the formation and organization of  
18 companies under the provisions of Articles 1 through 64 of this Chapter shall be as  
19 follows:

20 (1) Stock Life Insurance Companies.

- 21 a. A stock corporation may be organized in the manner prescribed  
22 in ~~Articles 1 through 64 of this Chapter~~ and licensed to do the  
23 business of life insurance, only when it ~~shall have~~ has paid-in  
24 capital of at least six hundred thousand dollars (\$600,000) and a  
25 paid-in initial surplus of at least nine hundred thousand dollars  
26 (\$900,000), and it may in addition do the kind of business  
27 specified in ~~subdivision (2) of G.S. 58-7-15(2), (annuities),~~  
28 without having additional capital or surplus. Every such  
29 company shall at all times thereafter maintain a minimum  
30 capital of not less than six hundred thousand dollars (\$600,000)  
31 and a minimum surplus of at least one hundred fifty thousand  
32 dollars (\$150,000). Provided that, any such corporation may do  
33 either or both of the kinds of insurance authorized for stock,  
34 accident and health insurance companies, as set out in  
35 paragraphs a and b of subdivision (3) of G.S. 58-7-15  
36 (accidental death or personal injury, and noncancelable  
37 disability), where its charter so permits, and when and so long  
38 as it meets and maintains a minimum capital and surplus equal  
39 to the sum of the minimum capital and surplus requirements of  
40 this subdivision (1)a and the minimum capital and surplus  
41 requirements of subdivision (2)a and/or (2)b hereof as  
42 applicable.
- 43 b. If the Commissioner, after such investigation as he may deem it  
44 expedient to make, finds that a corporation may be organized to

1 do the business of life insurance, or the writing of annuities or  
2 both, that its operations are restricted solely to one state, and  
3 that the organization of such corporation is in the public  
4 interest, he may permit the organization of a stock corporation  
5 to do on such restricted plan either or both kinds of business  
6 specified in subdivisions (1) and (2) of G.S. 58-7-15 (life  
7 insurance and annuities), with the minimum paid-in capital and  
8 a minimum paid-in initial surplus in an amount to be prescribed  
9 by him, but in no event to be less than a paid-in capital of four  
10 hundred thousand dollars (\$400,000) and a paid-in surplus of  
11 six hundred thousand dollars (\$600,000). Every such company  
12 shall at all times thereafter maintain such prescribed minimum  
13 capital, or four hundred thousand dollars (\$400,000), whichever  
14 is greater and a minimum surplus of at least one hundred  
15 thousand dollars (\$100,000).

16 (2) Stock Accident and Health Insurance Companies.

- 17 a. A stock corporation may be organized in the manner prescribed  
18 in ~~Articles 1 through 64 of this Chapter~~ and licensed to do only  
19 the kind of insurance specified in ~~subdivision (3)a of G.S. 58-7-~~  
20 ~~15(3)a, (accidental death or personal injury),~~ when it shall have a  
21 has paid-in capital of not less than four hundred thousand  
22 dollars (\$400,000), and a paid-in initial surplus of at least six  
23 hundred thousand dollars (\$600,000). Every such company  
24 shall at all times thereafter maintain a minimum capital of not  
25 less than four hundred thousand dollars (\$400,000) and a  
26 minimum surplus of at least one hundred thousand dollars  
27 (\$100,000).
- 28 b. Any company organized under the provisions of paragraph a of  
29 this subdivision may, by the provisions of its original charter or  
30 any amendment thereto, acquire the power to do the kind of  
31 business specified in ~~paragraph b of subdivision (3) of G.S. 58-7-~~  
32 ~~15(3)b, (noncancelable disability insurance),~~ if it has a paid-in  
33 capital of at least six hundred thousand dollars (\$600,000) and a  
34 paid-in initial surplus of at least nine hundred thousand dollars  
35 (\$900,000). Every such company shall at all times maintain a  
36 minimum capital of not less than six hundred thousand dollars  
37 (\$600,000) and a minimum surplus of at least one hundred fifty  
38 thousand dollars (\$150,000).

39 (3) Stock Fire and Marine Companies. – A stock corporation may be  
40 organized in the manner prescribed in ~~Articles 1 through 64 of this~~  
41 ~~Chapter~~ and licensed to do one or more of the kinds of insurance  
42 specified in ~~subdivisions G.S. 58-7-15 (4), (5), (6), (7), (8), (11), (12),~~  
43 ~~(19), (20), (21) and (22) of G.S. 58-7-15~~ only when it ~~shall have~~ has  
44 paid-in capital of not less than eight hundred thousand dollars

1 (\$800,000) and a paid-in initial surplus of not less than one million  
2 two hundred thousand dollars (\$1,200,000). Every such company shall  
3 at all times thereafter maintain a minimum capital of not less than  
4 eight hundred thousand dollars (\$800,000) and a minimum surplus of  
5 at least two hundred thousand dollars (\$200,000). Provided that, any  
6 such corporation may do all the kinds of insurance authorized for  
7 casualty, fidelity and surety companies, as set out in subdivision (4)  
8 ~~hereof of this section~~ where its charter so permits, and when and so  
9 long as it meets and thereafter maintains a minimum capital and  
10 surplus equal to the sum of the minimum capital and surplus  
11 requirements of this subdivision ~~(3)~~—and the minimum capital and  
12 surplus requirements of subdivision (4) ~~hereof of this section~~.

13 (4) Stock Casualty and Fidelity and Surety Companies.

14 a. A stock corporation may be organized in the manner prescribed  
15 in ~~Articles 1 through 64 of this Chapter~~ and licensed to do one or  
16 more of the kinds of insurance specified in ~~subdivisions G.S. 58-~~  
17 ~~7-15~~ (3), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), (16),  
18 (17), (18), (19), (21) and (22) ~~of G.S. 58-7-15~~ only when it ~~shall~~  
19 ~~have~~ has a paid-in capital of not less than one million dollars  
20 (\$1,000,000) and a paid-in initial surplus of not less than one  
21 million five hundred thousand dollars (\$1,500,000). Every such  
22 company shall at all times thereafter maintain a minimum  
23 capital of not less than one million dollars (\$1,000,000) and a  
24 minimum surplus of at least two hundred fifty thousand dollars  
25 (\$250,000).

26 b. If the Commissioner, after such investigation as he may deem it  
27 expedient to make, finds that a corporation may be organized to  
28 do one or more of such kinds of insurance, that its operations  
29 are restricted solely to one state, and that the organization of  
30 such corporation is in the public interest, he may permit such  
31 corporation to be organized and licensed to write the lines set  
32 out in subsection a above with a paid-in capital of not less than  
33 six hundred thousand dollars (\$600,000) and a paid-in initial  
34 surplus of not less than nine hundred thousand dollars  
35 (\$900,000). Every such company shall hereafter maintain a  
36 minimum capital of not less than six hundred thousand dollars  
37 (\$600,000) and a minimum surplus of at least one hundred fifty  
38 thousand dollars (\$150,000). Provided that, any such casualty,  
39 fidelity and surety corporation may do all the kinds of insurance  
40 authorized for fire and marine companies, as set out in  
41 subdivision (3) hereof where its charter so permits, when and if  
42 it meets all additional requirements as to capital and surplus as  
43 fixed in said section, and maintains the same.

44 (5) Mutual Fire and Marine Companies.

- 1 a. Limited assessment companies. – A limited assessment mutual  
2 company may be organized in the manner prescribed in ~~Articles 1 through 64 of~~ this Chapter and licensed to do one or more  
3 kinds of insurance specified in ~~subdivisions G.S. 58-7-15 (4),~~  
4 ~~(5), (6), (7), (8), (11), (12), (19), (20), (21) and (22) of G.S. 58-7-~~  
5 ~~15~~ only when it has no less than five hundred thousand dollars  
6 (\$500,000) of insurance in not fewer than 500 separate risks  
7 subscribed with a paid-in initial surplus of at least three hundred  
8 thousand dollars (\$300,000), which surplus shall at all times be  
9 maintained. The assessment liability of a policyholder of a  
10 company organized in accordance with the provisions of this  
11 ~~paragraph~~ sub-subdivision shall not be limited to less than five  
12 annual ~~premiums~~ premiums; ~~provided, such~~ the limited  
13 assessment company may reduce the assessment liability of its  
14 policyholders from such five annual premiums ~~as set out herein~~  
15 to one additional annual premium when the free surplus of ~~such~~  
16 the company amounts to not less than three hundred thousand  
17 dollars (\$300,000), which surplus shall at all times be  
18 maintained.
- 19
- 20 b. Assessable mutual companies. – An assessable mutual company  
21 may be organized in the manner prescribed in ~~Articles 1 through~~  
22 ~~64 of~~ this Chapter and licensed to do one or more of the kinds of  
23 insurance specified in ~~subdivisions G.S. 58-7-15 (4), (5) and (6)~~  
24 ~~(6), of G.S. 58-7-15 (fire, miscellaneous property and water~~  
25 ~~damage),~~ with an unlimited assessment liability of its  
26 policyholders only when it ~~shall have~~ has not less than five  
27 hundred thousand dollars (\$500,000) of insurance in not fewer  
28 than 500 separate risks subscribed with a paid-in initial surplus  
29 equal to twice the amount of the maximum net retained liability  
30 under the largest policy of insurance issued by ~~such~~ the  
31 company; but not less than sixty thousand dollars ~~(\$60,000)~~  
32 (\$60,000); which surplus shall at all times be maintained.  
33 Provided ~~such~~ the company, when its charter so permits, in  
34 addition may be licensed to do one or more of the kinds of  
35 insurance specified in ~~subdivisions G.S. 58-7-15 (7), (8), (11),~~  
36 ~~(12), (19), (20), (21) and (22) (22), of G.S. 58-7-15,~~ with an  
37 unlimited assessment liability of its policyholders, when its free  
38 surplus amounts to not less than sixty thousand dollars  
39 (\$60,000), which surplus shall at all times be maintained.
- 40 c. Nonassessable mutual companies. – A nonassessable mutual  
41 company may be organized in the manner prescribed in ~~Articles~~  
42 ~~1 through 64 of~~ this Chapter and licensed to do one or more of  
43 the kinds of insurance specified in ~~subdivisions G.S. 58-7-15 (4),~~  
44 ~~(5), (6), (7), (8), (11), (12), (19), (20), (21) and (22) of G.S. 58-7-~~

1 15-and may be authorized to issue policies under the terms of  
2 which a policyholder is not liable for any assessments in  
3 addition to the premium set out in the policy only when it shall  
4 ~~have~~has not less than five hundred thousand dollars (\$500,000)  
5 of insurance in not fewer than 500 separate risks subscribed  
6 with a paid-in initial surplus of not less than eight hundred  
7 thousand dollars (\$800,000), which surplus shall at all times be  
8 maintained.

9 d. Town or county mutual insurance companies. – A town or  
10 county mutual insurance company with unlimited assessment  
11 liability may be organized in the manner prescribed in ~~Articles 1~~  
12 ~~through 64~~ of this Chapter and licensed to do the kinds of  
13 insurance specified in ~~subdivision (4) of G.S. 58-7-15 (fire)~~ G.S.  
14 58-7-15(4) only when it shall ~~have~~has not less than fifty  
15 thousand dollars (\$50,000) of insurance in force in not fewer  
16 than 50 separate risks subscribed with a paid-in initial surplus  
17 of not less than fifteen thousand dollars (\$15,000), which  
18 surplus shall at all times be maintained. A town or county  
19 mutual insurance company may, in addition to writing the  
20 business specified in ~~subdivision (4) of G.S. 58-7-15 (fire~~  
21 ~~insurance)~~, G.S. 58-7-15(4) cover in the same policy the hazards  
22 usually insured against under an extended coverage  
23 endorsement when ~~such~~the company has not less than five  
24 hundred thousand dollars (\$500,000) of insurance in force in  
25 not fewer than 500 separate risks and maintains a surplus at all  
26 times of not less than one hundred twenty thousand dollars  
27 (\$120,000); and at all times maintains in addition to the surplus  
28 hereinbefore required, an additional surplus of not less than twenty-  
29 five thousand dollars (\$25,000) or not less than an amount equivalent  
30 to one percent (1%) of the total amount of net retained insurance in  
31 force, whichever is the larger sum: Provided, that ~~such~~the  
32 company may not operate in more than six adjacent counties in  
33 this State. Any company authorized under this section before  
34 July 1, 1991, shall be permitted to continue to do the same  
35 kinds of business that it was authorized to do prior to July 1,  
36 1991, without being required to increase its surplus; however,  
37 the insurer shall increase its surplus to the required amounts on  
38 or before July 1, 1992. The requirements of this sub-  
39 subdivision as to surplus shall apply to such companies as a  
40 prerequisite to writing additional lines of business, and to such  
41 companies as a prerequisite to commencing business if  
42 unlicensed prior to July 1, 1991.

43 (6) Mutual Life, Accident and Health Insurance Companies. – A  
44 nonassessable mutual insurance company may be organized in the



1 manner prescribed in ~~Articles 1 through 64 of this Chapter~~, and licensed  
2 to do only one or more of the kinds of insurance specified in  
3 ~~subdivisions G.S. 58-7-15 (1), (2) and (3) of G.S. 58-7-15 (life, annuities,~~  
4 ~~and accident and health)~~ when it has complied with the requirements of  
5 ~~Articles 1 through 64 of this Chapter and with those hereinafter set forth~~  
6 ~~in paragraphs sub-subdivisions a to through d of this subdivision,~~  
7 inclusive, whichever shall be applicable.

8 a. If organized to do only the kinds of insurance specified in  
9 ~~subdivisions G.S. 58-7-15 (1) and (2) of G.S. 58-7-15 (life~~  
10 ~~insurance and annuities)~~, ~~such the~~ company shall have not less  
11 than 500 bona fide applications for life insurance in an  
12 aggregate amount not less than five hundred thousand dollars  
13 (\$500,000), and shall have received from each such applicant in  
14 cash the full amount of one annual premium on the policy for  
15 which the applicant applied, applied for by him, in an aggregate  
16 amount at least equal to ten thousand dollars (\$10,000), and  
17 shall in addition have a paid-in initial surplus of two hundred  
18 thousand dollars (\$200,000), and shall have and maintain at all  
19 times a minimum surplus of one hundred thousand dollars  
20 (\$100,000).

21 b. If organized to do only the kind of insurance specified in  
22 paragraph a of ~~subdivision G.S. 58-7-15 (3) of G.S. 58-7-15~~  
23 ~~(accidental death and personal injury)~~, ~~such the~~ company shall  
24 have not less than 250 bona fide applications for ~~such that~~  
25 insurance, and shall have received from each ~~such~~ applicant in  
26 cash the full amount of one annual premium on the policy for  
27 which the applicant applied, applied for by him in an aggregate  
28 amount of at least ten thousand dollars (\$10,000), and shall  
29 have a paid-in initial surplus of two hundred thousand dollars  
30 (\$200,000) and shall have and maintain at all times a minimum  
31 surplus of one hundred thousand dollars (\$100,000).

32 c. If organized to do the kinds of insurance specified in ~~subdivision~~  
33 ~~G.S. 58-7-15 (1) and (3)a, in paragraph a of subdivision (3) of G.S.~~  
34 ~~58-7-15 (life insurance and accidental death and injury)~~, ~~such the~~  
35 company shall have complied with the provisions of ~~both~~  
36 ~~paragraphs sub-subdivisions a and b hereof of this subdivision.~~

37 d. If organized to do the kind of insurance specified in ~~paragraph b~~  
38 ~~of subdivision (3) of G.S. 58-7-15(3)b (noncancelable disability~~  
39 ~~insurance)~~, in addition to the kind or kinds of insurance  
40 designated in any one of the ~~foregoing paragraphs preceding sub-~~  
41 ~~subdivisions~~ of this subdivision, ~~such the~~ company shall have a  
42 paid-in initial surplus of at least five hundred thousand dollars  
43 (\$500,000) and shall maintain a minimum surplus of at least  
44 three hundred thousand dollars (\$300,000).

1 (7) Organization of Mutual Casualty, Fidelity and Surety Companies.

2 a. Nonassessable, mutual companies. – A mutual insurance  
3 company with no assessment liability provided for its  
4 policyholders may be organized in the manner prescribed in  
5 ~~Articles 1 through 64 of this Chapter and licensed to do one or~~  
6 ~~more of the kinds of insurance specified in subdivisions G.S. 58-~~  
7 ~~7-15 (3), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), (16),~~  
8 ~~(17), (18), (19), (21) and (22) of G.S. 58-7-15—when it has a~~  
9 ~~minimum paid-in initial surplus of one million dollars~~  
10 ~~(\$1,000,000) and not less than five hundred thousand dollars~~  
11 ~~(\$500,000) in insurance subscribed in not less than 500 separate~~  
12 ~~risks. The surplus of such the company shall at all times be~~  
13 ~~maintained at or above the amount required hereinabove for~~  
14 ~~organization of such company. that amount.~~

15 b. Assessable mutual companies. – A mutual insurance company  
16 with assessment liability provided for its policyholders may be  
17 organized in the manner prescribed in ~~Articles 1 through 64 of~~  
18 ~~this Chapter and licensed to do one or more of the kinds of~~  
19 ~~insurance specified in subdivisions G.S. 58-7-15 (3), (6), (7), (8),~~  
20 ~~(9), (10), (11), (12), (13), (14), (15), (16), (17), (18), (19), (21)~~  
21 ~~and (22) of G.S. 58-7-15—when it has a minimum paid-in initial~~  
22 ~~surplus of four hundred thousand dollars (\$400,000) and not~~  
23 ~~less than five hundred thousand dollars (\$500,000) of insurance~~  
24 ~~subscribed in not less than 500 separate risks. Such—The~~  
25 ~~company shall at all times maintain a surplus in an amount not~~  
26 ~~less than four hundred thousand dollars (\$400,000). The~~  
27 ~~assessment liability of a policyholder of such the company shall~~  
28 ~~not be limited to less than one annual premium.~~

29 (8) Organization of Mutual Multiple Line Companies.

30 a. Assessable mutual companies. – A company may do all the  
31 kinds of insurance authorized to be done by a company  
32 organized under the provisions of ~~paragraph a of subdivision (5)~~  
33 ~~sub-subdivision (5)a, hereof (limited assessment mutual fire and~~  
34 ~~marine companies), and paragraph b of subdivison (7)—sub-~~  
35 ~~subdivision (7)b of this subdivision, hereof (assessable mutual~~  
36 ~~easualty, fidelity and surety companies),—where its charter so~~  
37 ~~permits when and if it meets the combined minimum~~  
38 ~~requirements of said those paragraphs. sub-subdivisions. The~~  
39 ~~assessment liability of policyholders of such a company shall~~  
40 ~~not be limited to less than one annual premium within any one~~  
41 ~~policy year.~~

42 b. Nonassessable mutual companies. – A company may do all the  
43 kinds of insurance authorized to be done by a company  
44 organized under the provisions of ~~paragraph c of subdivision (5),~~

sub-subdivision (5)c, ~~hereof (nonassessable mutual fire and marine companies), and paragraph a of subdivision (7) sub-subdivision (7)a of this subdivision, hereof (nonassessable mutual casualty, fidelity and surety companies),~~ where its charter so permits when and if it meets the combined minimum requirements of ~~said those~~ paragraphs. The policyholders of such a company shall not be subject to any assessment liability.

(9) ~~Time for Compliance.— Any domestic, foreign or alien company licensed to do business in North Carolina prior to July 1, 1979, shall be permitted to continue to do the same kinds of business which it was authorized to do on such date without being required to increase its capital and/or surplus, provided however, such insurers shall increase the capital and surplus requirements to the amounts set forth in this section G.S. 58-7-75 on or before July 1, 1987, but the requirements of this section as to capital and surplus shall apply to such companies as a prerequisite to writing additional lines of business, and to such companies as a prerequisite to commencing business if unlicensed prior to July 1, 1979.~~

(10) Impairment of Capital and/or Surplus. – Whenever the Commissioner finds from a financial statement made by any ~~such~~ company, or from a report of examination of any ~~such~~ company, that its admitted assets are less than the aggregate amount of its liabilities and its outstanding capital stock and/or required minimum surplus, ~~he~~ the Commissioner shall determine the amount of ~~such~~ the impairment of capital and/or surplus and issue an order in writing requiring the company to eliminate the impairment within such period of not more than 90 days as ~~he~~ the Commissioner shall designate. The Commissioner may, by order served upon the company, prohibit the company from issuing any new policies while ~~such~~ the impairment exists. If at the expiration of the designated period the company has not satisfied the Commissioner that the impairment has been eliminated, an order for the rehabilitation or liquidation of the company may be entered as provided in Article 17A, ~~Chapter 58 of the General Statutes of North Carolina.~~ 30 of this Chapter."

Sec. 33. G.S. 58-42-55 reads as rewritten:

**"§ 58-42-55. Expiration.**

This Article shall expire on July 1, ~~1991-1993.~~"

Sec. 34. G.S. 143-143.13(a) reads as rewritten:

"(a) A license may be denied, suspended or revoked by the Board on any one or more of the following grounds:

- (1) Material misstatement in application for license;
- (2) Failure to post an adequate corporate surety bond, cash bond or fixed value equivalent thereof;

- 1 (3) Engaging in the business of manufactured home manufacturer, dealer,  
2 salesman or set-up contractor without first obtaining a license from the  
3 Board;
- 4 (4) Failure to comply with the warranty service obligations and claims  
5 procedure established by this Article;
- 6 (5) Failure to comply with the set-up and tie-down requirements  
7 established by this Article;
- 8 (6) Having knowingly failed or refused to account for or to pay over  
9 moneys or other valuables belonging to others which have come into  
10 licensee's possession arising out of the sale of manufactured homes;
- 11 (7) Use of unfair methods of competition or unfair or deceptive  
12 commercial acts or practices;
- 13 (8) Failure to comply with any provision of this Article;
- 14 (9) Failure to appear before the Board upon due notice or to follow  
15 directives of the Board issued pursuant to this Article;
- 16 (10) Employing unlicensed retail salesmen;
- 17 (11) Knowingly offering for sale the products of manufacturers who are not  
18 licensed pursuant to this Article or selling, to dealers not licensed  
19 pursuant to this Article, manufactured homes which are to be sold in  
20 this State to buyers as defined in this Article;
- 21 (12) Conviction of a felony or any crime involving moral turpitude;
- 22 (13) Having had a license revoked, suspended or denied by the Board under  
23 this Article; or having had a license revoked, suspended or denied by a  
24 similar entity in another state; or engaging in conduct in another state  
25 which conduct, if committed in this State, would have been a violation  
26 under this ~~Article~~. Article;
- 27 (14) Knowingly engaging any person to perform set-up operations who is  
28 not licensed by the Board as a set-up contractor."

29 Sec. 35. G.S. 143-143.11(a) reads as rewritten:

30 "(a) It shall be unlawful for any manufactured home manufacturer, dealer,  
31 salesman or set-up contractor to engage in business as such in this State without first  
32 obtaining a license from the ~~North Carolina Manufactured Housing Board~~, as provided in  
33 this Article. The fact that a person is licensed by the Board as a set-up contractor or a  
34 dealer does not preempt any other licensing boards' applicable requirements for that  
35 person."

36 Sec. 36. Article 9A of Chapter 143 of the General Statutes is amended by  
37 adding a new section to read:

38 "**§ 143-143.25. Staff support for Board.**

39 The Manufactured Housing Division of the Department shall provide clerical and  
40 other staff services required by the Board; and shall administer and enforce all  
41 provisions of this Article and all rules adopted under this Article, subject to the direction  
42 of the Board; except for powers and duties delegated by this Article to local units of  
43 government, other State agencies, or to any persons."

1                   Sec. 37. Sections 8 and 9 of this act become effective September 1, 1991.  
2 Sections 1, 12, 14 through 16, 19, 20, 22, and 23 of this act become effective October 1,  
3 1991. The remainder of this act is effective upon ratification.