

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 788
Committee Substitute Favorable 4/20/95

Short Title: Insurance Guaranty Assn.

(Public)

Sponsors:

Referred to:

April 10, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO INCLUDE HOSPITAL AND MEDICAL SERVICE CORPORATION
3 PLANS UNDER THE LIFE AND HEALTH INSURANCE GUARANTY
4 ASSOCIATION ACT.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 58-62-16 reads as rewritten:

7 **"§ 58-62-16. Definitions.**

8 As used in this Article:

- 9 (1) 'Account' means any of the two accounts created under G.S. 58-62-26.
10 (2) 'Association' means the North Carolina Life and Health Insurance
11 Guaranty Association created under G.S. 58-62-26.
12 (3) 'Board' means the board of directors of the Association established
13 under G.S. 58-62-31.
14 (4) 'Contractual obligation' means any obligation under a policy or
15 certificate under a group policy, or part thereof, for which coverage is
16 provided under G.S. 58-62-21.
17 (5) 'Covered policy' means any policy within the scope of this Article under
18 G.S. 58-62-21.

- 1 (6) 'Delinquent insurer' means an impaired insurer or an insolvent insurer;
2 and 'delinquency' means an insurer impairment or insolvency.
- 3 (7) 'Health insurance' includes hospital or medical service corporation
4 contracts, accident and health insurance, accident insurance, and
5 disability insurance.
- 6 (8) 'Impaired insurer' means a member insurer that, after the effective date
7 of this Article, is not an insolvent insurer, and (i) is deemed by the
8 Commissioner to be potentially unable to fulfill its contractual
9 obligations or (ii) is placed under an order of rehabilitation or
10 conservation by a court of competent jurisdiction.
- 11 (9) 'Insolvent insurer' means a member insurer that, after the effective date
12 of this Article, is placed under an order of liquidation with a finding of
13 insolvency by a court of competent jurisdiction.
- 14 (10) 'Insurance regulator' means the official or agency of another state that is
15 responsible for the regulation of a foreign insurer.
- 16 (11) 'Member insurer' means any insurer and any hospital or medical service
17 corporation that is governed by Article 65 of this Chapter and that is
18 licensed or that holds a license to transact in this State any kind of
19 insurance for which coverage is provided under G.S. 58-62-21; and
20 includes any insurer whose license in this State may have been
21 suspended, revoked, not renewed or voluntarily withdrawn, but does not
22 include an entity governed by ~~Articles 65 through Article 67~~ of this
23 Chapter; fraternal order or fraternal benefit society; mandatory State
24 pooling plan; mutual assessment company or any entity that operates on
25 an assessment basis; insurance exchange; or any entity similar to any of
26 the foregoing.
- 27 (12) 'Moody's Corporate Bond Yield Average' means the Monthly Average
28 Corporates as published by Moody's Investors Service, Inc., or any
29 successor thereto.
- 30 (13) 'Person' includes an individual, corporation, company, partnership,
31 association, or aggregation of individuals.
- 32 (14) 'Plan' means the plan of operation established under G.S. 58-62-46.
- 33 (15) 'Policy' includes a master group contract and subscriber contract under
34 Article 65 of this Chapter, a contract of insurance and an annuity
35 contract.
- 36 (16) 'Premiums' means amounts received in any calendar year on covered
37 policies less premiums, considerations, and deposits returned thereon,
38 and less dividends and experience credits thereon. 'Premiums' does not
39 include any amounts received for any policies or for the parts of any
40 policies for which coverage is not provided under G.S. 58-62-21(b);
41 except that assessable premium shall not be reduced on account of G.S.
42 58-62-21(c)(3) relating to interest limitations and G.S. 58-62-21(d)(2)

- 1 relating to limitations with respect to any one individual, any one
2 participant, and any one contract holder.
- 3 (17) 'Resident' means any person who resides in this State when a member
4 insurer is determined to be a delinquent insurer and to whom a
5 contractual obligation is owed. A person may be a resident of only one
6 state, which in the case of a person other than a natural person shall be
7 its principal place of business. 'Resident' also means a U.S. citizen
8 residing outside of the United States who owns a covered policy that
9 was purchased from a member insurer while that person resided in this
10 State.
- 11 (18) 'Unallocated annuity contract' means any annuity contract or group
12 annuity certificate that is not issued to and owned by an individual,
13 except to the extent of any annuity benefits guaranteed to an individual
14 by an insurer under the contract or certificate."
- 15 Sec. 2. This act is effective upon ratification.