

GENERAL ASSEMBLY OF NORTH CAROLINA
1995 SESSION

CHAPTER 177
HOUSE BILL 788

AN ACT TO INCLUDE HOSPITAL AND MEDICAL SERVICE CORPORATION
PLANS UNDER THE LIFE AND HEALTH INSURANCE GUARANTY
ASSOCIATION ACT.

The General Assembly of North Carolina enacts:

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

"§ 58-62-16. Definitions.

As used in this Article:

- (1) 'Account' means any of the two accounts created under G.S. 58-62-26.
- (2) 'Association' means the North Carolina Life and Health Insurance Guaranty Association created under G.S. 58-62-26.
- (3) 'Board' means the board of directors of the Association established under G.S. 58-62-31.
- (4) 'Contractual obligation' means any obligation under a policy or certificate under a group policy, or part thereof, for which coverage is provided under G.S. 58-62-21.
- (5) 'Covered policy' means any policy within the scope of this Article under G.S. 58-62-21.
- (6) 'Delinquent insurer' means an impaired insurer or an insolvent insurer; and 'delinquency' means an insurer impairment or insolvency.
- (7) 'Health insurance' includes hospital or medical service corporation contracts, accident and health insurance, accident insurance, and disability insurance.
- (8) 'Impaired insurer' means a member insurer that, after the effective date of this Article, is not an insolvent insurer, and (i) is deemed by the Commissioner to be potentially unable to fulfill its contractual obligations or (ii) is placed under an order of rehabilitation or conservation by a court of competent jurisdiction.
- (9) 'Insolvent insurer' means a member insurer that, after the effective date of this Article, is placed under an order of liquidation with a finding of insolvency by a court of competent jurisdiction.
- (10) 'Insurance regulator' means the official or agency of another state that is responsible for the regulation of a foreign insurer.
- (11) 'Member insurer' means any insurer and any hospital or medical service corporation that is governed by Article 65 of this Chapter and that is licensed or that holds a license to transact in this State any kind

of insurance for which coverage is provided under G.S. 58-62-21; and includes any insurer whose license in this State may have been suspended, revoked, not renewed or voluntarily withdrawn, but does not include an entity governed by ~~Articles 65 through Article 67~~ of this Chapter; fraternal order or fraternal benefit society; mandatory State pooling plan; mutual assessment company or any entity that operates on an assessment basis; insurance exchange; or any entity similar to any of the foregoing.

- (12) 'Moody's Corporate Bond Yield Average' means the Monthly Average Corporates as published by Moody's Investors Service, Inc., or any successor thereto.
- (13) 'Person' includes an individual, corporation, company, partnership, association, or aggregation of individuals.
- (14) 'Plan' means the plan of operation established under G.S. 58-62-46.
- (15) 'Policy' includes a master group contract and subscriber contract under Article 65 of this Chapter, a contract of insurance and an annuity contract.
- (16) 'Premiums' means amounts received in any calendar year on covered policies less premiums, considerations, and deposits returned thereon, and less dividends and experience credits thereon. 'Premiums' does not include any amounts received for any policies or for the parts of any policies for which coverage is not provided under G.S. 58-62-21(b); except that assessable premium shall not be reduced on account of G.S. 58-62-21(c)(3) relating to interest limitations and G.S. 58-62-21(d)(2) relating to limitations with respect to any one individual, any one participant, and any one contract holder.
- (17) 'Resident' means any person who resides in this State when a member insurer is determined to be a delinquent insurer and to whom a contractual obligation is owed. A person may be a resident of only one state, which in the case of a person other than a natural person shall be its principal place of business. 'Resident' also means a U.S. citizen residing outside of the United States who owns a covered policy that was purchased from a member insurer while that person resided in this State.
- (18) 'Unallocated annuity contract' means any annuity contract or group annuity certificate that is not issued to and owned by an individual, except to the extent of any annuity benefits guaranteed to an individual by an insurer under the contract or certificate."

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 5th day of June,

1995.

Dennis A. Wicker
President of the Senate

Harold J. Brubaker
Speaker of the House of Representatives