

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1115

Senate Pensions & Retirement and Insurance Committee Substitute Adopted 7/30/97
Third Edition Engrossed 8/6/97

Short Title: Church Insurance Coverage.

(Public)

Sponsors:

Referred to:

April 21, 1997

A BILL TO BE ENTITLED

AN ACT TO PROHIBIT THE CANCELLATION OF INSURANCE POLICIES THAT
PROVIDE COVERAGE FOR CHURCHES FOR LOSSES RESULTING FROM A
FIRE.

The General Assembly of North Carolina enacts:

Section 1. Article 43 of Chapter 58 of the General Statutes is amended by
adding a new section to read:

**"§ 58-43-40. Cancellation of fire insurance for buildings owned by religious
organizations prohibited in certain circumstances.**

(a) An insurer shall not cancel or decline to renew an insurance policy providing
coverage for losses resulting from fire for a building owned by a religious organization
solely because of:

(1) A previous occurrence of arson, unless the occurrence of arson was the
act of a member of the religious organization that owns the building; or

(2) An oral or written statement directed to the religious organization or a
member of the religious organization and threatening an act of arson
against the religious organization.

This subsection applies only if:

1 (1) The religious organization reports all arson threats, arson attempts, or
2 acts of arson to the appropriate law enforcement agency within 48 hours
3 of discovery of such event and to the insurer not later than the second
4 business day after the arson threat, arson attempt or act of arson is
5 reported to the appropriate law enforcement agency; and

6 (2) The members of the religious organization fully cooperate with law
7 enforcement and the insurer in any investigation of and the prosecution
8 of all offenses related to, an arson threat, an arson attempt, or an act of
9 arson.

10 (b) As a condition of insurance policy renewal or continuance, an insurer may
11 require that a religious organization implement all reasonable mitigation, loss control,
12 and fire control measures recommended by the local law enforcement agency, the local
13 fire department, or the insurer.

14 (c) As used in this section, 'religious organization' means any church,
15 ecclesiastical, or denominational organization, or any organization that meets at an
16 established physical place for worship in this State at which nonprofit religious services
17 and activities are regularly conducted.

18 (d) The Commissioner may revoke, suspend, or refuse to renew the license of any
19 insurer that violates this section pursuant to G.S. 58-3-100."

20 Section 2. This act becomes effective October 1, 1997, and applies to
21 insurance policies issued or renewed on or after January 1, 1998. This act expires
22 January 1, 2000.