

GENERAL ASSEMBLY OF NORTH CAROLINA
1997 SESSION

S.L. 1997-438
HOUSE BILL 1115

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) The religious organization reports all arson threats, arson attempts, or acts of arson to the appropriate law enforcement agency within 48 hours of discovery of such event and to the insurer not later than the second business day after the arson threat, arson attempt or act of arson is reported to the appropriate law enforcement agency; and
- (2) The members of the religious organization fully cooperate with law enforcement and the insurer in any investigation of and the prosecution of all offenses related to, an arson threat, an arson attempt, or an act of arson.

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

(c) As used in this section, 'religious organization' means any church, ecclesiastical, or denominational organization, or any organization that meets at an

established physical place for worship in this State at which nonprofit religious services and activities are regularly conducted.

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

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

In the General Assembly read three times and ratified this the 19th day of August, 1997.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 10:20 a.m. this 28th day of August, 1997