

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1398  
Insurance Committee Substitute Adopted 6/12/00

Short Title: Insurance License Fees/Reciprocity/AB.

(Public)

Sponsors:

Referred to:

May 23, 2000

A BILL TO BE ENTITLED

AN ACT TO EQUALIZE RESIDENT AND NONRESIDENT INSURANCE BROKER  
LICENSE FEES; TO MAKE NORTH CAROLINA INSURANCE PRODUCER  
LICENSING LAWS COMPLY WITH THE RECIPROCITY REQUIREMENTS IN  
THE FEDERAL GRAMM-LEACH-BLILEY ACT, PUBLIC LAW 106-102; TO  
AMEND THE MINIMUM EDUCATION REQUIREMENTS FOR THE  
DEPARTMENT OF INSURANCE FINANCIAL EXAMINER AND ANALYST  
APPLICANTS; TO AMEND THE DEFINITION OF "PERSON" IN THE BEACH  
AND FAIR PLAN LAWS; AND TO AMEND THE DEFINITION OF "BRANCH  
OFFICE" IN THE MOTOR CLUB LAWS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-33-125(a) reads as rewritten:

"(a) The following table indicates the annual fees that are required for the  
respective licenses issued, renewed, or cancelled under this Article and Article 21 of this  
Chapter:

Adjuster	\$ 75.00	
Adjuster, crop hail only		20.00
Agent appointment cancellation (paid by insurer)		10.00
Agent appointment, individual		20.00

1	Agent appointment, nonindividual	50.00
2	Agent appointment, Medicare supplement	
3	and long-term care, individual	10.00
4	Agent appointment, Medicare supplement	
5	and long-term care, nonindividual	20.00
6	Agent, overseas military	20.00
7	Broker, nonresident	100.00
8	<u>50.00</u>	
9	Broker, resident	50.00
10	Limited representative	20.00
11	Limited representative cancellation (paid by	
12	insurer) 10.00	
13	Motor vehicle damage appraiser	75.00
14	Recertification, continuing education	5.00
15	Surplus lines licensee, corporate	50.00
16	Surplus lines licensee, individual	50.00

17 These fees are in lieu of any other license fees. Fees paid by an insurer on behalf of a  
 18 person who is licensed or appointed to represent the insurer shall be paid to the  
 19 Commissioner on a quarterly or monthly basis, in the discretion of the Commissioner.  
 20 The recertification fee in this subsection shall be paid by persons subject to G.S. 58-33-  
 21 130 at the time they renew their licenses or appointments under G.S. 58-33-130(c)."

22 Section 2. Article 33 of Chapter 58 of the General Statutes is amended by  
 23 adding a new section to read:

24 "**§ 58-33-32. Interstate reciprocity in producer licensing.**

25 (a) The purpose of this section is to make North Carolina insurance producer  
 26 licensing comply with the reciprocity requirements in the federal Gramm-Leach-Bliley  
 27 Act, Public Law 106-102. This section does not apply to surplus lines licensees in  
 28 Article 21 of this Chapter, except as provided in subsections (c) and (d) of this section.

29 (b) As used in this section:

30 (1) 'Home state' means the District of Columbia and any state or territory of  
 31 the United States in which an insurance producer maintains a principal  
 32 place of residence or principal place of business and is licensed to act as  
 33 an insurance producer.

34 (2) 'Insurance producer' or 'producer' means a person required to be licensed  
 35 under this Article to sell, solicit, or negotiate insurance.

36 (3) 'License' means a document issued by the Commissioner authorizing a  
 37 person to act as an insurance producer for the kinds of insurance  
 38 specified in the document. The license itself does not create any  
 39 authority, actual, apparent, or inherent, in the holder to represent or  
 40 commit to an insurance carrier.

41 (4) 'Limited line credit insurance' includes any type of credit insurance  
 42 written under Article 57 of this Chapter, mortgage life, mortgage  
 43 guaranty, mortgage disability, automobile dealer gap insurance, and any

1           other form of insurance offered in connection with an extension of  
2           credit that is limited to partially or wholly extinguishing that credit  
3           obligation and that the Commissioner determines should be designated a  
4           form of limited line credit insurance.

5           (5) 'Limited line credit insurance producer' means a person who sells,  
6           solicits, or negotiates one or more forms of limited line credit insurance  
7           coverage to individuals through a master, corporate, group, or individual  
8           policy.

9           (6) 'Negotiate' means the act of conferring directly with or offering advice  
10           directly to a purchaser or prospective purchaser of a particular contract  
11           of insurance concerning any of the substantive benefits, terms, or  
12           conditions of the contract, provided that the person engaged in that act  
13           either sells insurance or obtains insurance from insurers for purchasers.

14           (7) 'Sell' means to exchange a contract of insurance by any means, for  
15           money or its equivalent, on behalf of an insurance company.

16           (8) 'Solicit' means attempting to sell insurance or asking or urging a person  
17           to apply for a particular kind of insurance from a particular company.

18           (9) 'Uniform Application' means the most recent version of the NAIC  
19           Uniform Application for resident and nonresident producer licensing.

20           (10) 'Uniform Business Entity Application' means the most recent version of  
21           the NAIC Uniform Business Entity Application for a resident and a  
22           nonresident corporation, association, partnership, limited liability  
23           company, limited liability partnership, or other legal entity.

24           (c) Unless denied licensure under G.S. 58-33-30 or G.S. 58-33-50, a nonresident  
25           person shall receive a nonresident producer license if:

26           (1) The person is currently licensed as a resident and in good standing in  
27           that person's home state;

28           (2) The person has submitted the proper request for licensure and has paid  
29           the fees required by G.S. 58-33-125;

30           (3) The person has submitted or transmitted to the Commissioner the  
31           application for licensure that the person submitted to that person's home  
32           state, or in lieu of the same, a completed Uniform Application or  
33           Uniform Business Entity Application; and

34           (4) The person's home state awards nonresident producer licenses to  
35           residents of this State on the same basis.

36           The Commissioner may verify the producer's licensing status through the producer  
37           database maintained by the NAIC or affiliates or subsidiaries of the NAIC.

38           (d) Notwithstanding any other provision of this section, a person licensed as a  
39           surplus lines producer in that person's home state shall receive a nonresident surplus lines  
40           license pursuant to the provisions of this section. Except for the licensure provisions of  
41           this section, nothing in this section otherwise amends or supersedes any provision of  
42           Article 21 of this Chapter.

1       (e) Notwithstanding any other provision of this section, a person licensed or  
2 registered as a viatical settlement broker, viatical settlement provider, or viatical  
3 settlement representative, as defined in G.S. 58-58-42(a), in that person's home state shall  
4 receive a nonresident viatical settlement broker, viatical settlement provider, or viatical  
5 settlement representative license pursuant to this section. Except for the licensure  
6 provisions of this section, nothing in this section otherwise amends or supersedes any  
7 provision of G.S. 58-58-42.

8       (f) Notwithstanding any other provision of this section, a person licensed as a  
9 limited line credit insurance producer or other type of insurance producer in that person's  
10 home state shall receive a nonresident limited lines producer license pursuant to the  
11 provisions of this section, granting the same scope of authority as granted under the  
12 license issued by the producer's home state.

13       (g) An individual who applies for an insurance producer license in this State who  
14 was previously licensed for the same kinds of insurance in that individual's home state  
15 shall not be required to complete any prelicensing education or examination. This  
16 exemption is available only if:

17           (1) The applicant is currently licensed in the applicant's home state; or

18           (2) The application is received within 90 days after the cancellation of the  
19 applicant's previous license and the applicant's home state issues a  
20 certification that, at the time of cancellation, the applicant was in good  
21 standing in that state; or

22           (3) The home state's producer database records, maintained by the NAIC or  
23 affiliates or subsidiaries of the NAIC, indicate that the producer is or  
24 was licensed in good standing for the kind of insurance requested.

25       (h) The Commissioner shall not assess a greater fee for an insurance license or  
26 related service to a nonresident producer based solely on the fact that the producer does  
27 not reside in this State.

28       (i) The Commissioner shall waive any license application requirements for a  
29 nonresident license applicant with a valid license from the applicant's home state, except  
30 the requirements imposed by subsection (c) of this section, if the applicant's home state  
31 awards nonresident licenses to residents of this State on the same basis.

32       (j) A nonresident producer's satisfaction of the nonresident producer's home state's  
33 continuing education requirements for licensed insurance producers shall constitute  
34 satisfaction of this State's continuing education requirements if the nonresident producer's  
35 home state recognizes the satisfaction of its continuing education requirements imposed  
36 upon producers from this State on the same basis.

37       (k) A producer shall report to the Commissioner any administrative action taken  
38 against the producer in another state or by another governmental agency in this State  
39 within 30 days after the final disposition of the matter. This report shall include a copy of  
40 the order or consent order and other relevant legal documents.

41       (l) Within 30 days after the initial pretrial hearing date, a producer shall report to  
42 the Commissioner any criminal prosecution of the producer taken in any state. The

1 report shall include a copy of the initial complaint filed, the order resulting from the  
2 hearing, and any other relevant legal documents."

3 Section 3. G.S. 58-33-30(h)(2)b. reads as rewritten:

4 "b. ~~A~~Except as provided in G.S. 58-33-32, a nonresident of this  
5 State may be licensed without taking an otherwise required  
6 written examination if the ~~Commissioner~~insurance regulator of  
7 the state of the applicant's residence certifies that the applicant  
8 has passed a similar written examination or has been a  
9 continuous holder, prior to the time such written examination  
10 was required, of a license like the license being applied for in this  
11 State."

12 Section 4. G.S. 58-2-25(b) reads as rewritten:

13 "(b) The minimum education requirements for financial analysts and examiners  
14 referred to in subsection (a) of this section are a bachelors degree, with the appropriate  
15 courses in accounting as defined in 21 NCAC 8A.0309, and other courses that are  
16 required to qualify the applicant as a candidate for the uniform certified public accountant  
17 examination, based on the examination requirements in effect at the time of ~~employment~~  
18 ~~by the Department of the analyst or examiner.~~graduation by the analyst or examiner from an  
19 accredited college or university."

20 Section 5. Article 45 of Chapter 58 of the General Statutes is amended by  
21 adding a new section to read:

22 "**§ 58-45-6. Persons who can be insured by the Association.**

23 As used in this Article, 'person' includes the State of North Carolina or any county,  
24 city, or other political subdivision of the State of North Carolina."

25 Section 6. Article 46 of Chapter 58 of the General Statutes is amended by  
26 adding a new section to read:

27 "**§ 58-46-2. Persons who can be insured by the Association.**

28 As used in this Article, 'person' includes the State of North Carolina or any county,  
29 city, or other political subdivision of the State of North Carolina."

30 Section 7. G.S. 58-69-2(1) reads as rewritten:

31 "(1) 'Branch or district office' means any physical location, other than a  
32 motor club's home office, ~~where the motor club or its representatives~~  
33 ~~conduct~~office, that is used by the motor club or its representatives as a  
34 principal place of business for conducting any type of business  
35 authorized under this Article.~~Article~~ and as a place of business that is  
36 used by clients or prospective clients in meeting or dealing with the  
37 motor club or its representatives in the normal course of business  
38 authorized under this Article."

39 Section 8. This act is effective when it becomes law.