

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

3

SENATE BILL 394  
House Committee Substitute Favorable 7/6/99  
Third Edition Engrossed 7/13/99

Short Title: Credit Card Payment of Insurance.

(Public)

Sponsors:

Referred to:

March 17, 1999

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW PREMIUMS FOR INSURANCE COVERAGE TO BE PAID BY  
3 CREDIT CARD.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 58-3-145 reads as rewritten:

6 "**§ 58-3-145. Solicitation, negotiation or payment of premiums on insurance policies**  
7 **through credit card facilities prohibited; exceptions. policies.**

8 ~~Except as otherwise provided herein, no authorized insurer and no representative of~~  
9 ~~such insurer or insurance broker shall employ or avail itself of the facilities of any person,~~  
10 ~~firm or corporation engaged in the credit card business to solicit or negotiate any contract~~  
11 ~~of insurance upon any life or risk within the State of North Carolina, or accept the~~  
12 ~~payment of premiums upon a policy of insurance, insuring any life or risk in the State of~~  
13 ~~North Carolina, through the use of any credit card facility. Except as otherwise provided~~  
14 ~~herein, no person, firm or corporation engaged in the business of extending credit through~~  
15 ~~a credit card system shall, on behalf of any insurer, its representative or any insurance~~  
16 ~~broker, utilize his or its credit card facilities to solicit for, negotiate contracts of insurance~~  
17 ~~or accept the payment of premiums upon any contract of insurance from credit card~~  
18 ~~holders or prospective credit card holders who reside in this State. The solicitation for~~

1 and the negotiation of policies of insurance prohibited by this section shall include, but  
2 shall not be limited to, the transmittal of applications for insurance, premium rate  
3 schedules, circulars, letters or sales literature pertaining to insurance to credit card  
4 holders or prospective credit card holders who reside in this State. Credit card business  
5 as used in this section shall mean the business of extending credit to persons who are  
6 holders of credit cards issued by the credit card facility or organization entitling the  
7 holder to pay charges for purchases or other transactions through the use of credit card  
8 facilities.

9 Nothing in this section shall prohibit an authorized insurer, the representative of such  
10 insurer, or an insurance broker from accepting payment of an insurance premium through  
11 a credit card facility provided and operated by a banking corporation principally  
12 domiciled in this State and doing business under the laws of the State of North Carolina  
13 or the United States. No such bank shall be prohibited from making such credit card  
14 facility available for this limited purpose, provided, that all records relating to the  
15 payment of insurance premiums through such credit card facility are maintained within  
16 the State of North Carolina.

17 Nothing in this section shall prohibit an authorized insurer, the representative of such  
18 insurer, or an insurance broker from notifying its or his customers or prospective  
19 customers through means other than credit card facilities of the availability of credit card  
20 facilities for the payment of insurance premiums.

21 Nothing in this section shall prohibit any authorized insurer qualified to do business in  
22 the State of North Carolina pursuant to the provisions of Articles 1 through 64 of this  
23 Chapter, and any representative of such insurer or insurance broker, from employing or  
24 availing itself of the facilities of any person, firm or corporation engaged in the business  
25 of extending credit through a credit card system for the limited purposes of soliciting for  
26 or negotiating any contract of travel accident insurance upon any life or risk within the  
27 State of North Carolina arising from travel, including but not limited to airline flight  
28 insurance, or accepting the payment of premiums thereon, through the use of any credit  
29 card facility. Nor shall anything in this section prohibit any person, firm or corporation  
30 engaged in the business of extending credit through a credit card system on behalf of any  
31 insurer, its representative or any insurance broker, from utilizing his or its credit card  
32 facilities for the limited purposes of soliciting for or negotiating contracts of travel  
33 accident insurance, including but not limited to airline flight insurance, or accepting the  
34 payment of premiums thereon, from credit card holders or prospective credit card holders  
35 who reside in this State.

36 An insurer, agent, or broker may accept payment of an insurance premium by credit  
37 card if the insurer accepting payment by credit card meets the following conditions:

- 38 (1) The insurer makes payment by credit card available to all existing and  
39 prospective insureds and does not limit the use of credit card payments  
40 to certain persons.  
41 (2) The insurer pays the fees charged by the credit card company for the  
42 payment of premiums by credit card."

43 Section 2. G.S. 58-57-105(a) reads as rewritten:

1       "(a) ~~Notwithstanding G.S. 58-3-145, credit~~ Credit card facilities may be used for the  
2 solicitation, negotiation, or payment of premiums for credit insurance on the unpaid  
3 balance of any credit card ~~account.~~ account pursuant to G.S. 58-3-145. Solicitation or  
4 negotiation for credit insurance on credit card account balances may not be made by  
5 unsolicited telephone calls or facsimile transmissions."

6               Section 3. This act becomes effective October 1, 1999.