

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 603\*  
Insurance Committee Substitute Adopted 5/10/93

Short Title: Insurance Substantive Changes.

(Public)

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Sponsors:

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Referred to:

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March 29, 1993

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE SUBSTANTIVE CHANGES IN VARIOUS INSURANCE AND  
3 INSURANCE-RELATED LAWS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 58-3-100 reads as rewritten:

6 **"§ 58-3-100. Revocation, suspension and refusal to renew license.**

7 ~~The license of any insurer, including fraternal orders and societies, may in the~~  
8 ~~discretion of the Commissioner be suspended or revoked or its renewal refused, (a)~~

9 The Commissioner may revoke, suspend, or refuse to renew the license of  
10 any insurer if:

- 11 (1) ~~Whenever it~~ The insurer fails or refuses to comply with any law, order  
12 or ~~regulation~~ rule applicable to ~~it;~~ the insurer.
- 13 (2) ~~Whenever its~~ The insurer's financial condition is unsound, or its assets  
14 above its liabilities, exclusive of capital, are less than the amount of its  
15 capital or required minimum ~~surplus;~~ surplus.
- 16 (3) ~~Whenever it~~ The insurer has published or made to the Department or to  
17 the public any false statement or ~~report;~~ report.
- 18 (4) ~~Whenever it~~ the insurer refuses to submit to any examination  
19 authorized by ~~law;~~ law.
- 20 (5) ~~Whenever it~~ the insurer is found to make a practice of unduly engaging  
21 in ~~litigation;~~ litigation or of delaying the investigation of claims or the  
22 adjustment or payment of valid ~~claims~~ claims. ~~or whenever it fails to~~  
23 ~~acknowledge a claim within 60 days after receiving written notice thereof,~~

1 provided, such notice contains sufficient information for the insurance  
2 company to identify the specific insurance coverage involved.  
3 Acknowledgment of the claim shall be made to the claimant or his legal  
4 representative advising that the claim is being investigated; or shall be a  
5 payment of the claim; or shall be a bona fide written offer of settlement; or  
6 shall be a written denial of the claim.

7 (b) Any such suspension, revocation or refusal to renew a an insurer's license  
8 under this section may also be made applicable to the license or registration of an agent  
9 any natural person regulated under this Chapter who is a party to such default or improper  
10 practice. any of the causes for licensing sanctions listed in subsection (a) of this section.

11 (c) The Commissioner may impose a civil penalty under G.S. 58-2-70 if an  
12 insurer fails to acknowledge a claim within 30 days after receiving written notice of the  
13 claim, but only if the notice contains sufficient information for the insurer to identify the  
14 specific coverage involved. Acknowledgement of the claim shall be made to the  
15 claimant or his legal representative advising that the claim is being investigated; or shall  
16 be a payment of the claim; or shall be a bona fide written offer of settlement; or shall be  
17 a written denial of the claim.

18 (d) As used in this section, 'insurer' includes entities regulated under Article 65 of  
19 this Chapter."

20 Sec. 1.1. G.S. 58-33-25(c) reads as rewritten:

21 "(c) An agent or broker may be licensed for the following kinds of insurance:

- 22 (1) Life, Accident and Health Insurance
- 23 ~~(2) Accident and Health Insurance~~
- 24 (3) Fire and Casualty Insurance
- 25 (4) Repealed by Session Laws 1989, c. 485, s. 17.
- 26 (5) Title Insurance
- 27 (6) Repealed by Session Laws 1989, c. 485, s. 17.
- 28 (7) Automobile Physical Damage
- 29 (8) Medicare Supplement Insurance and Long-Term Care Insurance, as a  
30 supplement to a license for the kinds of insurance listed in subdivisions  
31 (1) and (2) of this subsection.

32 Any person who holds a valid license on February 1, 1988, which grants authority to act  
33 as an agent for the kinds of insurance described in this subsection shall be issued the  
34 equivalent agent's license for such kinds of insurance."

35 Sec. 2. G.S. 58-33-30(d) reads as rewritten:

36 "(d) Education and Training. –

- 37 (1) Each applicant must have had special education, training, or  
38 experience of sufficient duration and extent reasonably to satisfy the  
39 Commissioner that the applicant possesses the competence necessary  
40 to fulfill the responsibilities of an agent, broker, limited representative,  
41 adjuster, or motor vehicle damage appraiser.
- 42 (2) All individual applicants for licensing as life, accident and health  
43 agents or as fire and casualty agents shall furnish evidence satisfactory  
44 to the Commissioner of successful completion of at least 40 hours of  
45 instruction, which shall in all cases include the general principles of

1 insurance and any other topics that the Commissioner establishes by  
 2 regulation; and which shall, in the case of life, accident and health  
 3 insurance applicants, include the principles of life, accident, and health  
 4 insurance and, in the case of fire and casualty insurance applicants,  
 5 shall include instruction in fire and casualty insurance. Any applicant  
 6 who submits satisfactory evidence of having successfully completed  
 7 an agent training course that has been approved by the Commissioner  
 8 and that is offered by or under the auspices of a fire and casualty or life  
 9 or health insurance company admitted to do business in this State or a  
 10 professional insurance association shall be deemed to have satisfied  
 11 the educational requirements of this subdivision. The requirement in  
 12 this subdivision for completion of 40 hours of instruction applies only  
 13 to applicants for life, accident and health or fire and casualty insurance  
 14 licenses. ~~The provisions of this subdivision also apply to applicants for~~  
 15 ~~accident and health insurance licenses; except that such applicants shall be~~  
 16 ~~required to successfully complete 20 hours of instruction. Such instruction~~  
 17 ~~shall in all cases include the general principles of insurance and the~~  
 18 ~~principles of accident and health insurance.~~

- 19 (3) Each applicant for a Medicare supplement and long-term care  
 20 insurance license shall furnish evidence satisfactory to the  
 21 Commissioner of successful completion of 10 hours of instruction,  
 22 which shall in all cases include the principles of Medicare supplement  
 23 and long-term care insurance and federal and North Carolina law  
 24 relating to such insurance. An applicant who submits satisfactory  
 25 evidence of having successfully completed an agent training course  
 26 that has been approved by the Commissioner and that is offered by or  
 27 under the auspices of an admitted life or health insurer or a  
 28 professional insurance association satisfies the educational  
 29 requirements of this subdivision."

30 Sec. 3. G.S. 58-33-35 reads as rewritten:

31 **"§ 58-33-35. Exemption from examination.**

32 The following are exempt from the requirement for a written examination:

- 33 (1) ~~Any applicant for a license covering the same kind or kinds of~~  
 34 ~~insurance for which the applicant was licensed under a like license in~~  
 35 ~~this State, other than a temporary license, within the 24 months next~~  
 36 ~~preceding the date of application, unless such previous license was~~  
 37 ~~revoked, suspended, or not continued by the Commissioner.~~
- 38 (2) Repealed by Session Laws 1989, c. 485, s. 66, effective June 28, 1989.
- 39 (3) An applicant who has attained the designation of Chartered Life  
 40 Underwriter (CLU), Chartered Financial Consultant (ChFC), Life  
 41 Underwriter Training Council Fellow (LUTCF) or Fellow of Life  
 42 Management Institute (FLMI), shall be exempt from the examination  
 43 for licenses in G.S. ~~58-33-25(e)(1) and (2).~~ 58-33-25(c)(1).

- 1 (4) An applicant who has attained the designation of Chartered Property  
2 and Casualty Underwriter (CPCU) shall be exempt from the  
3 examination for licenses in G.S. 58-33-25(c)(3) and (7).  
4 (5) Applicants for license as limited representatives or as motor vehicle  
5 damage appraisers.  
6 (6) Applicants for license as agents for companies or associations  
7 specified in G.S. 58-36-50; provided that with respect to town or  
8 county farmers mutual fire insurance companies, this exemption  
9 applies only to those agents who solicit and sell only those kinds of  
10 insurance specified in G.S. 58-7-75(5)d for such companies."

11 Sec. 4. G.S. 58-33-130(k) is repealed.

12 Sec. 5. G.S. 58-42-55 reads as rewritten:

13 **"§ 58-42-55. Expiration.**

14 This Article shall expire on July 1, ~~1993-~~1995."

15 Sec. 6. Reserved.

16 Sec. 7. Reserved.

17 Sec. 8. G.S. 58-33-25(m) reads as rewritten:

18 "(m) A license issued to an agent authorizes him to act until his license is  
19 otherwise suspended or revoked. Upon the suspension or revocation of a license, the  
20 licensee or any person having possession of such license shall return it to the  
21 Commissioner. ~~An agent's license automatically terminates after a period of one year during~~  
22 ~~which no appointment of such agent was in effect."~~

23 Sec. 9. G.S. 58-40-140 reads as rewritten:

24 **"§ 58-40-140. ~~CGL extended~~ Extended reporting.**

25 (a) Any policy for commercial general liability coverage or professional liability  
26 insurance wherein the insurer offers, and the insured elects to purchase, an extended  
27 reporting period for claims arising during the expiring policy period must provide:

- 28 (1) That in the event of a cancellation permitted by G.S. 58-41-15 or  
29 nonrenewal effective under G.S. 58-41-20, there shall be a 30-day  
30 period before the effective date of the cancellation or nonrenewal  
31 during which the insured may elect to purchase coverage for the  
32 extended reporting ~~period;~~ period.  
33 (2) That the limit of liability in the policy aggregate for the extended  
34 reporting period shall be one hundred percent (100%) of the expiring  
35 policy ~~aggregate; and aggregate.~~  
36 (3) Within 45 days after the mailing or delivery of the written request of  
37 the insured, the insurer shall mail or deliver the following loss  
38 information covering a three-year period:  
39 a. Aggregate information on total closed claims, including date  
40 and description of occurrence, and any paid losses;  
41 b. Aggregate information on total open claims, including date and  
42 description of occurrence, and amounts of any payments;  
43 c. Information on notice of any occurrence, including date and  
44 description of occurrence.

1       (b) In the event of a cancellation or nonrenewal of a health care provider's  
2 professional liability insurance policy by the insured or by the insurer, as permitted by  
3 G.S. 58-41-15 or G.S. 58-41-20, except for nonpayment of premium, there shall be a  
4 30-day period after the effective date of the cancellation or nonrenewal during which  
5 the insured may elect to obtain an endorsement providing an extended reporting period  
6 of unlimited duration covering claims first reported during the extended reporting  
7 period and arising from the acts, errors, or omissions committed during the policy  
8 period and otherwise covered by the policy.

9       (c) An unlimited extended reporting period for health care provider professional  
10 liability claims must be provided if the insured: (i) dies; (ii) becomes permanently  
11 disabled and is unable to carry out his or her profession or practice; or (iii) retires  
12 permanently from his or her profession or practice after attaining the age of 65 and  
13 accumulating five or more consecutive years of claims-made coverage."

14       Sec. 10. G.S. 58-36-15(d) reads as rewritten:

15       "(d) With respect to the filing of rates for nonfleet private passenger motor vehicle  
16 insurance, the Bureau shall, on or before ~~July~~ February 1 of each year, or later with the  
17 approval of the Commissioner, file with the Commissioner the experience, data,  
18 statistics, and information referred to in subsection (c) of this section and any proposed  
19 adjustments in the rates for all member companies of the Bureau. The filing shall  
20 include, where deemed by the Commissioner to be necessary for proper review, the data  
21 specified in subsections (c), (e), (g) and (h) of this section. Any filing that does not  
22 contain the data required by this subsection may be returned to the Bureau and not be  
23 deemed a proper filing. Provided, however, that if the Commissioner concludes that a  
24 filing does not constitute a proper filing he shall promptly notify the Bureau in writing  
25 to that effect, which notification shall state in reasonable detail the basis of the  
26 Commissioner's conclusion. The Bureau shall then have a reasonable time to remedy  
27 the defects so specified. An otherwise defective filing thus remedied shall be deemed to  
28 be a proper and timely filing, except that all periods of time specified in this Article will  
29 run from the date the Commissioner receives additional or amended documents  
30 necessary to remedy all material defects in the original filing."

31       Sec. 11. With respect to the nonfleet private passenger motor vehicle  
32 insurance rate filing made on or before February 1, 1994, the Bureau may file an  
33 additional factor for an additional rate increase or decrease to compensate for the  
34 changing of the filing rate from July 1 to February 1 as provided in Section 10 of this  
35 act.

36       Sec. 12. G.S. 58-36-20(a) reads as rewritten:

37       "(a) At any time within 50 days from and after the date of any filing, the  
38 Commissioner may give written notice to the Bureau specifying in what respect and to  
39 what extent he contends such filing fails to comply with the requirements of this Article  
40 and fixing a date for hearing not less than 30 days from the date of mailing of such  
41 notice. At such hearing the factors specified in G.S. 58-36-10 shall be considered. If  
42 the Commissioner after hearing finds that the filing does not comply with the provisions  
43 of this Article, he may issue his order determining wherein and to what extent such  
44 filing is deemed to be improper and fixing a date thereafter, within a reasonable time,

1 after which such filing shall no longer be effective. Any order of disapproval under this  
2 section must be entered within 105 days of the date the filing is received by the  
3 Commissioner: Provided that any order of disapproval under this section with respect to  
4 workers' compensation insurance and employers' liability insurance written in  
5 connection therewith shall be entered within ~~120~~150 days of the date the filing is  
6 received by the Commissioner."

7           Sec. 13. Article 31 of Chapter 58 of the General Statutes is amended by  
8 adding two new sections to read:

9 **"§ 58-31-12. Policy forms.**

10       The Commissioner, with the approval of the Council of State, may adopt insurance  
11 forms for coverages provided by the State Property Fire Insurance Fund under this  
12 Article.

13 **"§ 58-31-13. Hazardous conditions in State-owned buildings.**

14       If the Commissioner determines that an undue hazard to life, safety, or property  
15 exists because of a condition or the use of a building owned by the State, the  
16 Commissioner shall advise the proper agency how to limit or prohibit use of the  
17 building until the hazard is abated."

18           Sec. 14. G.S. 58-51-80(b) reads as rewritten:

19       "(b) No policy or contract of group accident, group health or group accident and  
20 health insurance shall be delivered or issued for delivery in this State unless the group  
21 of persons thereby insured conforms to the requirements of the following subdivisions:

22           (1) Under a policy issued to an employer, principal, or to the trustee of a  
23 fund established by an employer or two or more employers in the same  
24 industry or kind of business, or by a principal or two or more  
25 principals in the same industry or kind of business, which employer,  
26 principal, or trustee shall be deemed the policyholder, covering, except  
27 as hereinafter provided, only employees, or agents, of any class or  
28 classes thereof determined by conditions pertaining to employment, or  
29 agency, for amounts of insurance based upon some plan which will  
30 preclude individual selection. The premium may be paid by the  
31 employer, by the employer and the employees jointly, or by the  
32 employee; and where the relationship of principal and agent exists, the  
33 premium may be paid by the principal, by the principal and agents,  
34 jointly, or by the agents. If the premium is paid by the employer and  
35 the employees jointly, or by the principal and agents jointly, or by the  
36 employees, or by the agents, the group shall be structured on an  
37 actuarially sound basis.

38           (1a) Under a policy issued to an association or to a trust or to the trustee or  
39 trustees of a fund established, created, or maintained for the benefit of  
40 members of one or more associations. The association or associations  
41 shall have at the outset a minimum of 500 persons and shall have been  
42 organized and maintained in good faith for purposes other than that of  
43 obtaining insurance; shall have been in active existence for at least five  
44 years; and shall have a constitution and bylaws that provide that (i) the

1 association or associations hold regular meetings not less than annually  
 2 to further purposes of the members; (ii) except for credit unions, the  
 3 association or associations collect dues or solicit contributions from  
 4 members; and (iii) the members have voting privileges and  
 5 representation on the governing board and committees. The policy is  
 6 subject to the following requirements:

7 a. The policy may insure members of the association or  
 8 associations, employees of the association or associations, or  
 9 employees of members, or one or more of the preceding or all  
 10 of any class or classes for the benefit of persons other than the  
 11 employee's employer.

12 b. The premium for the policy shall be paid from funds  
 13 contributed by the association or associations, or by employer  
 14 members, or by both, or from funds contributed by the covered  
 15 persons or from both the covered persons and the association,  
 16 associations, or employer members.

17 c. A policy on which no part of the premium is to be derived from  
 18 funds contributed by the covered persons specifically for their  
 19 insurance must insure all eligible persons, except those who  
 20 reject the coverage, in writing.

21 (2) For employer groups of 50 or more persons no evidence of individual  
 22 insurability may be required at the time the person first becomes  
 23 eligible for insurance or within 31 days thereafter except for any  
 24 insurance supplemental to the basic coverage for which evidence of  
 25 individual insurability may be required. With respect to trustee  
 26 groups the phrase 'groups of 50' must be applied on a participating unit  
 27 basis for the purpose of requiring individual evidence of insurability.

28 (3) Policies may contain a provision limiting coverage for preexisting  
 29 conditions. Preexisting conditions must be covered no later than 12  
 30 months after the effective date of coverage. Preexisting conditions are  
 31 defined as 'those conditions for which medical advice or treatment was  
 32 received or recommended or which could be medically documented  
 33 within the 12-month period immediately preceding the effective date  
 34 of the person's coverage.' Preexisting conditions exclusions may not  
 35 be implemented by any successor plan as to any covered persons who  
 36 have already met all or part of the waiting period requirements under  
 37 any prior group plan. Credit must be given for that portion of the  
 38 waiting period which was met under the prior plan."

39 Sec. 15. Article 63 of Chapter 58 of the General Statutes is amended by  
 40 adding a new section to read:

41 **"§ 58-63-65. Rule-making authority.**

42 The Commissioner may adopt rules to carry out the provisions of this Article,  
 43 including rules that define unfair methods of competition or unfair or deceptive acts or

1 practices in the business of insurance, in addition to those defined in G.S. 58-63-15 and  
2 determined under G.S. 58-63-40."

3 Sec. 16. G.S. 58-71-80(a) reads as rewritten:

4 "(a) The Commissioner may deny, suspend, or revoke or refuse to renew any  
5 license issued under this Article for any of the following causes:

- 6 (1) For any cause sufficient to deny, suspend, or revoke license under any  
7 other provision of this Article.
- 8 (2) Violation of any laws of this State relating to bail in the course of  
9 dealings under the license issued by the Commissioner.
- 10 (3) Material misstatement, misrepresentation or fraud in obtaining the  
11 license.
- 12 (4) Misappropriation, conversion or unlawful withholding of moneys  
13 belonging to insurers or others and received in the conduct of business  
14 under the license.
- 15 (5) Fraudulent or dishonest practices in the conduct of business under the  
16 license.
- 17 (6) Conviction of a felony regardless of the time the conviction occurred  
18 and regardless of whether the conviction resulted from conduct in or  
19 related to the bail bond business.
- 20 (7) Failure to comply with or violation of the provisions of this Article or  
21 of any order, rule or regulation of the Commissioner.
- 22 (8) When in the judgment of the Commissioner, the licensee has in the  
23 conduct of the licensee's affairs under the license, demonstrated  
24 incompetency, financial irresponsibility, or untrustworthiness; or that  
25 the licensee is no longer in good faith carrying on the bail bond  
26 business; or that the licensee is guilty of rebating, or offering to rebate,  
27 or offering to divide the premiums received for the bond.
- 28 (9) For failing to pay any judgment or decree rendered on any forfeited  
29 undertaking in any court of competent jurisdiction.
- 30 (10) For charging or receiving, as premium or compensation for the making  
31 of any deposit or bail bond, any sum in excess of that permitted by this  
32 Article.
- 33 (11) For requiring, as a condition of executing a bail bond, that the  
34 principal agree to engage the services of a specified attorney.
- 35 (12) For cheating on an examination for a license under this Article.
- 36 (13) For entering into any business association or agreement with any  
37 person who is at that time found by the Commissioner to be in  
38 violation of any of the bail bond laws of this State, or who has been in  
39 any manner disqualified under the bail bond laws of this State or any  
40 other state, whereby the person has any direct or indirect financial  
41 interest in the bail bond business of the licensee or applicant.
- 42 (14) For knowingly aiding or abetting others to evade or violate the  
43 provisions of this Article.



1 (15) Any cause for which issuance of the license could ~~not~~ have been  
 2 refused had it then existed and been known to the Commissioner at the  
 3 time of issuance."

4 Sec. 17. Article 71 of Chapter 58 of the General Statutes is amended by  
 5 adding a new section to read:

6 **"§ 58-71-81. Notice of receivership.**

7 Upon the filing for protection under the United States Bankruptcy Code by any  
 8 professional bondsman licensed under this Article or by any bail bond business in which  
 9 the bondsman holds a position of management or ownership, the bondsman shall notify  
 10 the Commissioner of the filing for protection within three business days after the filing.  
 11 Upon the appointment of a receiver by a State or federal court for any professional  
 12 bondsman licensed under this Article, or for any bail bond business in which the  
 13 bondsman holds a position of management or ownership, the bondsman shall notify the  
 14 Commissioner of the filing for protection within three business days after the filing.  
 15 The failure to notify the Commissioner within three business days after the filing for  
 16 bankruptcy protection shall, after hearing, cause the license of any person failing to  
 17 make the required notification to be suspended for a period of not less than 60 days nor  
 18 more than three years, in the discretion of the Commissioner."

19 Sec. 18. G.S. 58-71-95 reads as rewritten:

20 **"§ 58-71-95. Prohibited practices.**

21 No bail bondsman or runner shall:

- 22 (1) Pay a fee or rebate or give or promise anything of value, directly or  
 23 indirectly, to a jailer, law-enforcement officer, committing magistrate,  
 24 or any other person who has power to arrest or hold in custody, or to  
 25 any public official or public employee in order to secure a settlement,  
 26 compromise, remission or reduction of the amount of any bail bond or  
 27 the forfeiture thereof, including the payment to law-enforcement  
 28 officers, directly or indirectly, for the arrest or apprehension of a  
 29 principal or principals who have caused or will cause a forfeiture.
- 30 (2) Pay a fee or rebate or give anything of value to an attorney in bail bond  
 31 matters, except in defense of any action on a bond.
- 32 (3) Pay a fee or rebate or give or promise anything of value to the  
 33 principal or anyone in his behalf.
- 34 (4) Participate in the capacity of an attorney at a trial or hearing of one on  
 35 whose bond he is surety, nor suggest or advise the employment of, or  
 36 name for employment any particular attorney to represent his  
 37 principal.
- 38 (5) Accept anything of value from a principal or from anyone on behalf of  
 39 a principal except the premium, which shall not exceed fifteen percent  
 40 (15%) of the face amount of the ~~bond, bond;~~ provided that the  
 41 bondsman shall be permitted to accept collateral security or other  
 42 indemnity from the a principal which shall be returned upon final  
 43 termination of liability on the bond. or from anyone on behalf of a  
 44 principal. Such collateral security or other indemnity required by the

1 bondsman must be reasonable in relation to the amount of the ~~bond~~  
2 bond and shall be returned upon final termination of liability on the  
3 bond.

4 (6) Solicit business in any of the courts or on the premises of any of the  
5 courts of this State, in the office of any magistrate and in or about any  
6 place where prisoners are confined. Loitering in or about a magistrate's  
7 office or any place where prisoners are confined shall be **prima facie**  
8 evidence of soliciting.

9 (7) Advise or assist the principal for the purpose of forfeiting bond."

10 Sec. 19. G.S. 20-310(f) reads as rewritten:

11 "(f) No cancellation or refusal to renew by an insurer of a policy of automobile  
12 insurance ~~shall be is~~ effective unless the insurer ~~shall have~~ has given the policyholder  
13 notice at his last known ~~post office~~ address by certificate of mailing a written notice of  
14 the cancellation or refusal to renew. Such notice shall:

- 15 (1) Be approved as to form by the Commissioner of Insurance prior to use;
- 16 (2) State the date, not less than 60 days after mailing to the insured of  
17 notice of cancellation or notice of intention not to renew, on which  
18 such cancellation or refusal to renew shall become effective, except  
19 that such effective date may be 15 days from the date of mailing or  
20 delivery when it is being canceled or not renewed for the reasons set  
21 forth in subdivision ~~(1) of subsection (d)-(d)(1)~~ and in subdivision ~~(4) of~~  
22 ~~subsection (e)-(e)(4)~~ of this section;
- 23 (3) State the specific reason or reasons of the insurer for cancellation or  
24 refusal to renew;
- 25 (4) Advise the insured of his right to request in writing, within 10 days of  
26 the receipt of the notice, that the Commissioner of Insurance review  
27 the action of the insurer; ~~and the insured's right to request in writing,~~  
28 ~~within 10 days of receipt of the notice, a hearing before the Commissioner of~~  
29 ~~Insurance;~~
- 30 (5) Either in the notice or in an accompanying statement advise the  
31 insured that operation of a motor vehicle without complying with the  
32 provisions of this Article is a misdemeanor and specifying the  
33 penalties for such violation."

34 Sec. 20. G.S. 20-310(i) reads as rewritten:

35 "(i) Notwithstanding any provision herein contained, any insured may within 10  
36 days of the receipt of the notice of cancellation or notice of intention not to renew, or  
37 the receipt of the reason or reasons for cancellation or refusal to renew if they were not  
38 stated in the notice, ~~be entitled to request in writing that the Commissioner of Insurance~~  
39 ~~review the action of an insurer in canceling or refusing to renew the policy of such~~  
40 ~~insured. Within said 10 day period the insured may also request in writing a hearing in regard~~  
41 ~~to such review; the insured; otherwise, the right of the insured for a hearing shall be~~  
42 ~~deemed review is~~ waived. On receiving a request in writing for a review of the action of  
43 such insurer, the Commissioner of Insurance shall immediately notify the insurer  
44 involved of the insured's request and the charges involved, if known, and on receipt of

1 ~~said the~~ notification and within 10 days thereafter the insurer may make a request  
2 ~~response in writing for a hearing in regard to such review; otherwise, the right of the insurer~~  
3 ~~to such a hearing shall be deemed waived. the review.~~ If neither the insurer or the insured by  
4 request in writing or the Commissioner of Insurance of his own motion requires a hearing, then  
5 ~~in such event the~~ The Commissioner of Insurance shall make such investigation as he  
6 deems to be appropriate to determine if the insurer has violated the provisions of this  
7 section, and shall ~~after appropriate findings of fact~~ either approve the cancellation or  
8 nonrenewal of such policy or order the insurer to renew, reissue, or reinstate such policy  
9 on such terms as may be just. ~~At the written request of the insured or insurer or on his own~~  
10 ~~motion, the Commissioner of Insurance shall after notice conduct a hearing to determine if the~~  
11 ~~insurer has violated the provisions of this section, and after appropriate findings of fact, shall~~  
12 ~~within 40 days after receipt in writing of a request for review by the insured, either approve the~~  
13 ~~cancellation or nonrenewal of such policy or order the insurer to renew, reissue, or reinstate~~  
14 ~~such policy on such terms as may be just. In addition, if~~ If the Commissioner of Insurance  
15 finds after notice and hearing and after appropriate findings of fact, that the insurer has  
16 willfully violated the provisions of this section or has acted without reasonable  
17 investigation into the grounds for action of cancellation or nonrenewal, he may order the  
18 insurer involved to pay the reasonable expenses and costs of the ~~investigation~~  
19 investigation, review, and hearing conducted by the Commissioner not to exceed the  
20 sum of ~~three hundred dollars (\$300.00)~~ one thousand dollars (\$1,000) and such costs as  
21 are ordered paid by the Commissioner pursuant to the provisions of this section shall be  
22 paid as a condition of such insurer continuing to write automobile insurance business in  
23 this State. Any insured or insurer aggrieved by any order or decision of the  
24 Commissioner of Insurance may appeal said order and decision to the Superior Court of  
25 ~~Wake County pursuant to and subject to the provisions of~~ under G.S. 58-2-75. All  
26 examinations, reviews, investigations, and hearings provided by this subsection may be  
27 conducted by the Commissioner personally or by one or more of his deputies, actuaries,  
28 examiners, licensed attorneys, or employees designated by him for the purpose, and any  
29 order entered by such ~~hearing officer person~~ other than the Commissioner shall have the  
30 same force and effect as if entered by the Commissioner himself. All hearings shall be  
31 held at such time and place as shall be designated in a notice which shall be given by the  
32 Commissioner in writing to the person cited to appear at least 10 days before the date  
33 designated thereon. The notice shall state the subject of the inquiry and the specific  
34 charges, if any. It shall be sufficient to give such notice either by delivering it or by  
35 depositing the same in the United States mail, postage prepaid and addressed to the last  
36 known address of such insured or insurer. The policy shall remain in full force and  
37 effect during the pendency of review by the Commissioner of Insurance or the court  
38 except where the Commissioner of Insurance has sustained the action of the insurer and  
39 except where the cancellation or failure to renew was for nonpayment under subdivision  
40 ~~(1) of subsection (d) (d)(1) and subdivision (4) of subsection (e) (e)(4)~~ of this section, in  
41 which case the policy shall terminate as of the date provided in the notice under  
42 subsection (f) of this section."

43 Sec. 21. G.S. 58-41-10(a) reads as rewritten:

1       "(a) Except as otherwise provided, this Article applies to all kinds of insurance  
2 authorized by G.S. 58-7-15(4) through (14) and G.S. 58-7-15(18) through (22), and to  
3 all insurance companies licensed by the Commissioner to write those kinds of  
4 insurance. This Article does not apply to insurance written under Articles 21, 36, 37, 45  
5 or 46 of this Chapter; insurance written under G.S. 58-7-15(7),(13),(14) when burglary  
6 and theft insurance or personal injury or property damage insurance is written for  
7 residential risks in conjunction with insurance written under Article 36 of this Chapter;  
8 to marine insurance as defined in G.S. 58-40-15(3); to personal inland marine insurance;  
9 to aviation insurance; to policies issued in this State covering risks with multistate  
10 locations, except with respect to coverages applicable to locations within this State; to  
11 any town or county farmers mutual fire insurance association restricting its operations to  
12 not more than six adjacent counties in this State; nor to domestic insurance companies,  
13 associations, orders, or fraternal benefit societies doing business in this State on the  
14 assessment plan."

15           Sec. 22. Chapter 58 of the General Statutes is amended by adding a new  
16 section to read:

17 **"§ 58-71-71. Examination; educational requirements; fee; penalties.**

18       (a) In order to be eligible to take the examination required to be licensed as a bail  
19 bondsman, pursuant to G.S. 58-71-70, each person shall complete not less than 20 hours  
20 of education in subjects pertinent to the duties and responsibilities of a bail bondsman,  
21 including all laws and regulations related to being a bail bondsman.

22       (b) Each licensee shall complete annually not less than 10 hours of continuing  
23 education in subjects related to the duties and responsibilities of a bail bondsman prior  
24 to renewal of the license. This continuing education shall not include a written or oral  
25 examination.

26       (c) Any person licensed as a bail bondsman prior to the effective date of this  
27 Article shall not be required to complete 20 hours of education prior to being licensed  
28 but shall be subject to the 10 hours of continuing education requirement in order to  
29 renew a license. A licensed bail bondsman who is 65 years of age or older and who has  
30 been licensed as a bail bondsman for 15 years or more shall be exempt from both the  
31 education and continuing education requirements of this section.

32       (d) The North Carolina Bail Agents Association shall provide education for bail  
33 bondsman licensure as required by this section. The Commissioner shall approve the  
34 courses offered and ensure that the education meets the general standards for education  
35 otherwise established by the Commissioner.

36       (e) Any person who falsely represents to the Commissioner that the requirements  
37 of this section have been met shall be subject, after notice and hearing, to the penalties  
38 and fines set forth in this Chapter.

39       (f) The Commissioner shall issue necessary rules for the effective administration  
40 of this section."

41           Sec. 23. Sections 1, 1.1, 2, 3, 8, 9, 17, 19, 20, and 22 become effective  
42 October 1, 1993. The remainder of this act is effective upon ratification.