

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 749

Short Title: Cancellation of Insurance Contracts.

(Public)

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Sponsors: Representatives Cocklereece; Barbee, Brawley, Dockham, and Lemmond.

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Referred to: Insurance.

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April 4, 1995

A BILL TO BE ENTITLED

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2 AN ACT TO AMEND THE PROCEDURE FOR SENDING INSURANCE AGENTS  
3 AND COMPANIES NOTICES AND REQUESTS FOR CANCELLATION OF  
4 INSURANCE CONTRACTS BY INSURANCE PREMIUM FINANCE  
5 COMPANIES.

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 58-35-85 reads as rewritten:  
8 **"§ 58-35-85. Procedure for cancellation of insurance contract upon default; return**  
9 **of unearned premiums; collection of cash surrender value.**

10 When an insurance premium finance agreement contains a power of attorney or other  
11 authority enabling the insurance premium finance company to cancel any insurance  
12 contract or contracts listed in the agreement, the insurance contract or contracts shall not  
13 be cancelled unless ~~such~~the cancellation is effectuated in accordance with the following  
14 provisions:

15 (1) Not less than 10 days' written notice be mailed to the last known address  
16 of the insured or insureds shown on the insurance premium finance  
17 agreement of the intent of the insurance premium finance company to  
18 cancel his or their insurance contract or contracts unless the defaulted  
19 installment payment is received. A notice thereof shall also be ~~mailed~~  
20 sent to the insurance agent.

- 1           (2) After expiration of ~~such~~the period, the insurance premium finance  
2 company shall ~~mail~~send the insurer a request for ~~cancellation, including a~~  
3 ~~copy of the power of attorney, cancellation~~ and shall mail a copy of the  
4 request for cancellation to the insured at his last known address as  
5 shown on the insurance premium finance agreement.
- 6           (3) Upon receipt of a copy of ~~such~~the request for cancellation notice by the  
7 insurer, the insurance contract shall be cancelled with the same force  
8 and effect as if the aforesaid request for cancellation had been submitted  
9 by the insured himself, without requiring the return of the insurance  
10 contract or contracts.
- 11          (4) All statutory, regulatory, and contractual restrictions providing that the  
12 insured may not cancel his insurance contract unless he first satisfies  
13 ~~such~~the restrictions by giving a prescribed notice to a governmental  
14 agency, the insurance carrier, an individual, or a person designated to  
15 receive ~~such~~the notice for said governmental agency, insurance carrier,  
16 or individual shall apply where cancellation is effected under the  
17 provisions of this section.
- 18          (5) Whenever an insurance contract is cancelled in accordance with this  
19 section, the insurer shall promptly return whatever gross unearned  
20 premiums are due under the contract to the insurance premium finance  
21 company effecting the cancellation for the benefit of the insured or  
22 insureds. Whenever the return premium is in excess of the amount due  
23 the insurance premium finance company by the insured under the  
24 agreement, ~~such~~the excess shall be remitted promptly to the order of the  
25 insured, subject to the minimum service charge provided for in this  
26 Article.
- 27          (6) The provisions of this section relating to request for cancellation by the  
28 insurance premium finance company of an insurance contract and the  
29 return by an insurer of unearned premiums to the insurance premium  
30 finance company, also apply to the surrender by the insurance premium  
31 finance company of an insurance contract providing life insurance and  
32 the payment by the insurer of the cash value of the contract to the  
33 insurance premium finance company, except that the insurer may  
34 require the surrender of the insurance contract."

35       Sec. 2. This act becomes effective October 1, 1995.