

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1699

Short Title: Insurance License Fees/Reciprocity/AB.

(Public)

Sponsors: Representatives Hurley; Barefoot, Culp, Davis, Dedmon, Earle, Fox, Gibson, Hall, Melton, Michaux, Morris, Oldham, Redwine, Saunders, Sutton, Teague, Tolson, Warner, and Wright.

Referred to: Rules, Calendar, and Operations of the House.

May 25, 2000

A BILL TO BE ENTITLED

AN ACT TO INCREASE FEES PAID BY INSURANCE LICENSE APPLICANTS; TO EQUALIZE RESIDENT AND NONRESIDENT INSURANCE BROKER LICENSE FEES; AND TO MAKE NORTH CAROLINA INSURANCE PRODUCER LICENSING LAWS COMPLY WITH THE RECIPROCITY REQUIREMENTS IN THE FEDERAL GRAMM-LEACH-BLILEY ACT, PUBLIC LAW 106-102.

The General Assembly of North Carolina enacts:

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

"§ 58-33-125. Fees.

(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
Agent appointment, nonindividual		50.00
Agent appointment, Medicare supplement		

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

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

20 (b) Whenever a temporary license may be issued pursuant to this Article, the fee
 21 shall be at the same rate as provided in subsection (a) of this section; and any amounts so
 22 paid for a temporary license may be credited against the fee required for an appointment
 23 by the sponsoring company.

24 (c) Any person who is not registered-licensed and who is required by law or
 25 administrative rule to secure a license shall, upon application for registration, pay to the
 26 Commissioner a fee of ~~thirty dollars (\$30.00)~~ fifty dollars (\$50.00). ~~In the event~~ If a person
 27 requests additional licensing for other kinds of insurance is requested, insurance, that
 28 person shall pay a fee of thirty dollars (\$30.00) fifty dollars (\$50.00) shall be paid to the
 29 Commissioner upon application for ~~registration-licensing~~ for each additional kind of
 30 insurance.

31 In addition to the fees prescribed by this subsection, any person applying for a
 32 supplemental license to sell Medicare supplement and long-term care insurance policies
 33 shall pay an additional fee of thirty dollars (\$30.00) upon application for registration for
 34 those kinds of insurance.

35 (d) The requirement for an examination, prelicensing education, continuing
 36 education, or a registration fee does not apply to agents for domestic farmers' mutual
 37 assessment fire insurance companies or associations who solicit and sell only those kinds
 38 of insurance specified in G.S. 58-7-75(5)d for such companies or associations.

39 (e) In the event a license issued under this Article is lost, stolen, or destroyed, the
 40 Commissioner may issue a duplicate license upon a written request from the licensee and
 41 payment of a fee of five dollars (\$5.00).

1 (f) Whenever a printed record of an agent's file is requested, the fee shall be ten
2 dollars (\$10.00) for each copy whether or not the agent is currently licensed, previously
3 licensed, or no record of that agent exists.

4 (g) All fees prescribed by this section are nonrefundable."

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

7 "**§ 58-33-32. Interstate reciprocity in producer licensing.**

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

12 (b) As used in this section:

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

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

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

24 (4) 'Limited line credit insurance' includes any type of credit insurance
25 written under Article 57 of this Chapter, mortgage life, mortgage
26 guaranty, mortgage disability, automobile dealer gap insurance, and any
27 other form of insurance offered in connection with an extension of
28 credit that is limited to partially or wholly extinguishing that credit
29 obligation and that the Commissioner determines should be designated a
30 form of limited line credit insurance.

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

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

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

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

- 1 (9) 'Uniform Application' means the most recent version of the NAIC
2 Uniform Application for resident and nonresident producer licensing.
- 3 (10) 'Uniform Business Entity Application' means the most recent version of
4 the NAIC Uniform Business Entity Application for a resident and a
5 nonresident corporation, association, partnership, limited liability
6 company, limited liability partnership, or other legal entity.
- 7 (c) Unless denied licensure under G.S. 58-33-30 or G.S. 58-33-50, a nonresident
8 person shall receive a nonresident producer license if:
- 9 (1) The person is currently licensed as a resident and in good standing in
10 that person's home state;
- 11 (2) The person has submitted the proper request for licensure and has paid
12 the fees required by G.S. 58-33-125;
- 13 (3) The person has submitted or transmitted to the Commissioner the
14 application for licensure that the person submitted to that person's home
15 state, or in lieu of the same, a completed Uniform Application or
16 Uniform Business Entity Application; and
- 17 (4) The person's home state awards nonresident producer licenses to
18 residents of this State on the same basis.

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

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

26 (e) Notwithstanding any other provision of this section, a person licensed or
27 registered as a viatical settlement broker, viatical settlement provider, or viatical
28 settlement representative, as defined in G.S. 58-58-42(a), in that person's home state shall
29 receive a nonresident viatical settlement broker, viatical settlement provider, or viatical
30 settlement representative license pursuant to this section. Except for the licensure
31 provisions of this section, nothing in this section otherwise amends or supersedes any
32 provision of G.S. 58-58-42.

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

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

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

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

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

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

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

15 (j) A nonresident producer's satisfaction of the nonresident producer's home state's
16 continuing education requirements for licensed insurance producers shall constitute
17 satisfaction of this State's continuing education requirements if the nonresident producer's
18 home state recognizes the satisfaction of its continuing education requirements imposed
19 upon producers from this State on the same basis.

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

24 (l) Within 30 days after the initial pretrial hearing date, a producer shall report to
25 the Commissioner any criminal prosecution of the producer taken in any state. The
26 report shall include a copy of the initial complaint filed, the order resulting from the
27 hearing, and any other relevant legal documents."

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

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

37 Section 4. This act becomes effective July 1, 2000.