

# Insurance

**See full summary documents for additional detail**

## **H219 - NAIC Accreditation Amendments. (SL 2019-57)**

S.L. 2019-57 enacts legislative changes to North Carolina's insurance laws to comply with the National Association of Insurance Commissioners (NAIC) and allow the North Carolina Department of Insurance (DOI) to maintain its NAIC accreditation.

Specifically, the act 1) clarifies the legal authority and power of the Commissioner of Insurance (COI) to engage in the group-wide supervision of an internationally active insurance group (IAIG), 2) requires insurers to establish an internal audit function that will evaluate the insurer's governance, risk management, and internal controls, and 3) enacts new legislation requiring insurers to disclose and file their corporate governance practices with the COI.

The section of the act pertaining to the internal audit function requirements becomes effective January 1, 2020, and will allow an insurer who no longer qualifies for an exemption, one calendar year after the year the exemption ends to comply with the internal audit function. The section of the act pertaining to a corporate governance annual disclosure becomes effective January 1, 2020, with the first filing of the CGAD to be made on or before June 1, 2020. Except as otherwise provided, the remainder of this act became effective June 26, 2019.

## **H220 - Insurance Technical Changes. (SL 2019-179)**

S.L. 2019-179 makes various changes to North Carolina's insurance laws, as recommended by the Department of Insurance (DOI), including:

- Makes changes to North Carolina's Holding Company and Surplus Lines Acts.
- Incorporates model act language from the National Association of Insurance Commissioners (NAIC) regarding immunity for independent contractors hired by DOI to assist in delinquency proceedings.
- Makes technical and clarifying changes to consent to rate laws.
- Amends procedures for individuals to receive an expedited external review of noncertification decisions.
- Amends bail bond laws.
- Clarifies the rulemaking authority of the North Carolina Fire and Rescue Commission.
- Makes various changes to the Prepaid Health Plan Licensing Act.
- Makes Medicare Supplement changes.

This act has various effective dates. Please see full summary for more detail. Except as otherwise provided, the act became effective July 26, 2019.

## **H310 - Clarify Insurance Producer Criminal Background Check. (SL 2019-85)**

S.L. 2019-85 exempts applicants for a limited line credit insurance producer license from the requirement to submit to a criminal history record check.

This act became effective October 1, 2019, and applies to applications for a new limited line credit insurance producer license, or a renewal or continuation of a limited line credit insurance producer license received by the Commissioner of Insurance on or after that date.

### **H658 - Allow Donations of Unexpired Drugs. (SL 2019-54)**

S.L. 2019-54 amends the criteria for drugs donated to pharmacists or free clinics participating in the Drug, Supplies, and Medical Device Repository Program to allow the donation of drugs that have not reached the expiration date, rather than requiring the drug to have an expiration date that is six months from the date the drug was donated.

The act became effective June 26, 2019.

### **H755 - Travel Insurance Amendments. (SL 2019-128)**

S.L. 2019-128 incorporates language from the National Association of Insurance Commissioners' (NAIC) Travel Insurance Model Act into North Carolina's insurance laws.

This act becomes effective January 1, 2020.

### **H922 - Enhance Insurance Coverage/Educ. Buildings. (SL 2019-176)**

S.L. 2019-176 authorizes a Type I transfer and consolidation of the School Insurance Fund Section of the Department of Public Instruction that oversees the management and operation of a system of insurance for public education property, to the Department of Insurance (DOI), as well as a transfer of the Public School Insurance Fund to the DOI. Local boards of education, regional schools, and community colleges are required to purchase flood insurance for all educational property.

This act becomes effective July 1, 2020.

### **S86 - Small Business Health Care Act. (SL 2019-202)**

S.L. 2019-202 establishes standards for association health plans (AHPs) and fully-insured Path 2 MEWAs.

The study portion of this act becomes effective only when a final judicial order striking down the Department of Labor rule permitting Path 2 MEWAs is issued. The remainder of this act became effective October 1, 2019, and applies to contracts entered into, amended, or renewed on or after January 1, 2020.

### **S572 - University System Risk Management Provisions. (SL 2019-232)**

S.L. 2019-232 authorizes public universities to obtain liability insurance for alcohol sales.

This act became effective October 18, 2019.