

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE BILL 646  
Second Edition Engrossed 5/4/05  
Senate Finance Committee Substitute Adopted 8/10/05**

Short Title: Insurance Company Fee Consolidation.-AB

(Public)

Sponsors:

Referred to:

March 16, 2005

A BILL TO BE ENTITLED

AN ACT TO CONSOLIDATE VARIOUS FEES INTO THE ANNUAL LICENSE CONTINUATION FEE PAID BY LICENSED INSURANCE COMPANIES, TO REQUIRE DOMESTIC INSURANCE COMPANIES TO MAINTAIN LIABILITY COVERAGE FOR CLAIMS AGAINST THE COMPANY'S OFFICERS AND DIRECTORS, AND TO AUTHORIZE THE DEPARTMENT OF INSURANCE TO HIRE A MEDICARE LOOKOUT PROGRAM COORDINATOR WITH FEDERAL GRANT FUNDING.

The General Assembly of North Carolina enacts:

**PART I. INSURANCE FEES.**

**SECTION 1.1.** G.S. 58-6-5 reads as rewritten:

**"§ 58-6-5. Schedule of fees and charges.**

The Commissioner shall collect and pay into the State treasury fees and charges as follows:

- (1) For filing and examining an insurance company application for admission, a nonrefundable fee of two hundred fifty dollars (\$250.00), to be submitted with ~~such filing; for filing and auditing annual statement, one hundred dollars (\$100.00); for filing any other papers required by law, twenty five dollars (\$25.00); for each certificate of examination, condition, or qualification of company or association, fifteen dollars (\$15.00); for each seal when required, ten dollars (\$10.00); for a list of licensed insurance companies, ten dollars (\$10.00).~~ the filing; for each certification or confirmation of an insurance company deposit held by the Commissioner pursuant to this Chapter, twenty-five dollars (\$25.00).
- (2) Repealed by Session Laws 1977, c. 376, s. 2.

(3) The Commissioner shall receive for copy of any record or paper in his office fifty cents (50¢) per copy sheet and ten dollars (\$10.00) for certifying same, or any fact or data from the records of his office and for the examination and approval of charters of companies, twenty-five dollars (\$25.00) sheet.

(4) He shall collect all other fees and charges due and payable into the State treasury by any company, association, order, or individual under his Department.

(5) Repealed by Session Laws 1999-435, s. 1."

SECTION 1.2. G.S. 58-6-7 reads as rewritten:

"§ 58-6-7. Licenses; perpetual licensing; annual license continuation fees for insurance companies.

(a) In order to do business in this State, an insurance company shall apply for and obtain a license from the Commissioner. The license shall be perpetual and shall continue in full force and effect, subject to timely payment of the annual license continuation fee in accordance with this Chapter and subject to any other applicable provision of the insurance laws of this State. Except as provided in subsection (b) of this section, the insurance company shall pay a fee for each year the license is in effect, as follows:

For each domestic farmer's mutual assessment fire insurance company .....	\$ 25.00
For each fraternal order .....	<del>100.00</del> 500.00
For each of all other insurance companies, except mutual burial associations taxed under G.S.105-121.1 .....	<del>1,000.00</del> 1,500.00

The fees levied in this subsection are in addition to those specified in G.S. 58-6-5.

(b) ~~When the paid in capital stock or surplus, or both, of an insurance company, other than a farmer's mutual assessment company or a fraternal order, does not exceed one hundred thousand dollars (\$100,000), the fee levied in this section shall be one half the amount specified.~~

(c) Upon payment of the fee specified above and the fees and taxes elsewhere specified specified, each insurance company, exchange, bureau, or agency, shall be entitled to do the types of business specified in Chapter 58, of the General Statutes of North Carolina as amended, to the extent authorized therein, except that: ~~Insurance companies authorized to do either the types of business specified for (i) life insurance companies, or (ii) for fire and marine companies, or (iii) for casualty and fidelity and surety companies, in G.S. 58-7-75, which shall also do the types of business authorized in one or both of the other of the above classifications shall in addition to the fees above specified pay one hundred dollars (\$100.00) for each such additional classification of business done. therein.~~ All fees and charges collected by the Commissioner under this Chapter are nonrefundable.

(d) Any rating bureau established by action of the General Assembly of North Carolina shall be exempt from the fees in this section."

SECTION 1.3. G.S. 58-7-150(c) and G.S. 58-7-155 are repealed.

SECTION 1.4. G.S. 58-8-60(b) reads as rewritten:

1       "(b) The articles of incorporation shall provide for the name of the corporation, to  
2 be approved by the Commissioner; the kinds of insurance it proposes to transact and on  
3 what business plan or principle; and the place of its location in the State. The certificate  
4 of incorporation must be subscribed and sworn to by a majority of the board of directors  
5 before an officer authorized to take acknowledgement of deeds, who shall certify the  
6 certificate to the Commissioner. The Commissioner shall review the certificate and  
7 articles of incorporation and file them with the Secretary of State in accordance with  
8 ~~G.S. 58-7-35 upon payment of the required fees. G.S. 58-7-35.~~"

9           **SECTION 1.5.** G.S. 58-65-55 reads as rewritten:

10       "**§ 58-65-55. Issuance and continuation of license.**

11       (a) Every corporation subject to this Article shall pay to the Commissioner a fee  
12 of two hundred fifty dollars (\$250.00) for filing an application for a license. Fee  
13 payment shall be contemporaneous with the filing. Before issuing or continuing any  
14 such license or certificate the Commissioner may make such an examination or  
15 investigation as the Commissioner deems expedient. The Commissioner shall issue a  
16 license upon the payment of a fee of ~~one thousand dollars (\$1,000)~~ one thousand five  
17 hundred dollars (\$1,500) and upon being satisfied on the following points:

- 18           (1) The applicant is established as a bona fide nonprofit hospital service  
19 corporation as defined by this Article and Article 66 of this Chapter.
- 20           (2) The rates charged and benefits to be provided are fair and reasonable.
- 21           (3) The amounts provided as working capital of the corporation are  
22 repayable only out of earned income in excess of amounts paid and  
23 payable for operating expenses and hospital and medical and/or dental  
24 expenses and such reserve as the Department deems adequate, as  
25 provided hereinafter.
- 26           (4) That the amount of money actually available for working capital be  
27 sufficient to carry all acquisition costs and operating expenses for a  
28 reasonable period of time from the date of the issuance of the  
29 certificate.

30       (b) The license shall continue in full force and effect, subject to payment of an  
31 annual license continuation fee of ~~one thousand dollars (\$1,000)~~, one thousand five  
32 hundred dollars (\$1,500), subject to all other provisions of subsection (a) of this section  
33 and subject to any other applicable provisions of the insurance laws of this State."

34           **SECTION 1.6.** G.S. 58-67-160 reads as rewritten:

35       "**§ 58-67-160. Fees.**

36       Every health maintenance organization subject to this Article shall pay to the  
37 Commissioner a fee of two hundred fifty dollars (\$250.00) for filing an application for a  
38 license and an annual license continuation fee of ~~one thousand dollars (\$1,000)~~ one  
39 thousand five hundred dollars (\$1,500) for each license. The license shall continue in  
40 full force and effect, subject to timely payment of the annual license continuation fee in  
41 accordance with G.S. 58-6-7 and subject to any other applicable provisions of the  
42 insurance laws of this State."

## 43       **PART II. DIRECTOR AND OFFICER LIABILITY COVERAGE.**

1           **SECTION 2.** Article 7 of Chapter 58 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 58-7-38. Director and officer liability coverage.**

4           A domestic insurance company shall at all times maintain liability coverage for  
5 claims against the company's officers and directors in limits deemed appropriate by the  
6 company's board of directors. The coverage may not exclude or provide for diminution  
7 of coverage for claims against directors and officers arising out of any regulatory action  
8 of any local, state, or federal governmental authority."

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10 **PART III. AUTHORIZATION FOR MEDICARE LOOKOUT PROGRAM**  
11 **COORDINATOR.**

12           **SECTION 3.** If the Department of Insurance receives grant funding from the  
13 Federal Administration on Aging, the Department may establish a full-time, federally  
14 funded position for a Medicare Lookout Program Coordinator for the State Health  
15 Insurance Information Program, whose purpose is to reduce fraud in the Medicare and  
16 Medicaid programs. The Department may hire an Extension Training Specialist III, pay  
17 grade level 73. This authorization is contingent upon the receipt of the federal grant that  
18 will fully fund the position.

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20 **PART IV. EFFECTIVE DATES.**

21           **SECTION 4.** Part I of this act becomes effective January 1, 2006, and  
22 applies to applications filed, licenses issued, and licenses continued on or after that date.  
23 Part II of this act becomes effective October 1, 2005. Part III of this act is effective  
24 when it becomes law.