

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

SESSION LAW 2005-210
HOUSE BILL 733

AN ACT TO PROVIDE FOR THE LICENSING OF STATISTICAL
ORGANIZATIONS BY THE DEPARTMENT OF INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-2-190 reads as rewritten:

"§ 58-2-190. Commissioner may require special reports.

The Commissioner may also address to any authorized insurer, ~~rating organization, advisory organization, statistical organization,~~ joint underwriting or joint reinsurance organization, or the North Carolina Rate Bureau or Motor Vehicle Reinsurance Facility, or its officers any inquiry in relation to its transactions or condition or any matter connected therewith. Every corporation or person so addressed shall reply in writing to ~~such~~ the inquiry promptly and truthfully, and ~~such~~ the reply shall be verified, if required by the Commissioner, by such individual, or by such officer or officers of a corporation, as he shall designate."

SECTION 2. G.S. 58-40-1 reads as rewritten:

"§ 58-40-1. Purposes.

The purposes of this Article are

- (1) To promote the public welfare by regulating rates to the end that they shall not be excessive, inadequate, or unfairly discriminatory;
- (2) To authorize the existence and operation of qualified ~~rating organizations and advisory~~ statistical organizations and require that specified ~~rating services of such rating~~ the organizations be generally available to all admitted insurers;
- (3) To encourage, as the most effective way to produce rates that conform to the standards of subsection (1) of this section, independent action by and reasonable price competition among insurers;
- (4) To authorize cooperative action among insurers in the rate-making process, and to regulate such cooperation in order to prevent practices that tend to bring about monopoly or to lessen or destroy competition; and
- (5) To encourage the most efficient and economic marketing practices."

SECTION 3. G.S. 58-40-5 reads as rewritten:

"§ 58-40-5. Definitions.

As used in this Article:

- (1) ~~"Advisory organization" means every person, other than an admitted insurer, whether located within or outside this State, who prepares policy forms or makes underwriting rules incident to but not including the making of rates, or rating plans or rating systems, or which collects and furnishes to admitted insurers or rating organizations loss or expense statistics or other statistical information and data and acts in an advisory, as distinguished from a rate-making, capacity. No duly authorized attorney at law acting in the usual course of his profession shall be deemed to be an advisory organization.~~
- (2) Repealed by Session Laws 1991, c. 720, s. 6.

- (3) "Inland marine insurance" shall be deemed to include insurance now or hereafter defined by statute, or by interpretation thereof, or if not so defined or interpreted, by ruling of the Commissioner or as established by general custom of the business, as inland marine insurance.
- (4) "Member," unless otherwise apparent from the context, means an insurer who participates in or is entitled to participate in the management of a ~~rating, advisory or other~~ statistical organization.
- (5) ~~"Rating organization" means every person, other than an admitted insurer, whether located within or outside this State, who has as his object or purpose the making of rates, rating plans, or rating systems. Two or more insurers which act in concert for the purpose of making rates, rating plans, or rating systems, and which do not operate within the specific authorizations contained in G.S. 58 40 60, 58 40 65, 58 40 70 and 58 40 75, shall be deemed to be a rating organization. No single insurer shall be deemed to be a rating organization.~~
- (5a) "Statistical organization" means every person, other than an admitted insurer, whether located within or outside this State, who performs one or more of the following functions:
- a. Prepares policy forms or makes underwriting rules incident to, but not including, the making of rates, or rating plans or rating systems.
 - b. Collects and furnishes to admitted insurers or statistical organizations loss or expense statistics or other statistical information and data and acts in an advisory rather than a rate-making capacity. No duly authorized attorney-at-law acting in the usual course of his profession shall be deemed to be a statistical organization.
 - c. Makes rates, rating plans or rating systems, or develops loss costs. Two or more insurers that act in concert for the purpose of making rates, rating plans or rating systems, or developing loss costs and that do not operate within the specific authorizations contained in G.S. 58-40-60, 58-40-65, 58-40-70, and 58-40-75 shall be deemed to be a statistical organization.
 - d. Collects data and statistics from insurers and provides reports from these statistics to the Commissioner for the purpose of fulfilling the statistical reporting obligations of those insurers.
- (5b) "Statistical plan" means the document used by a statistical organization to set forth which data elements are to be reported to the statistical organization and to describe the format in which the data must be reported.
- (6) "Subscriber," unless otherwise apparent from the context, means an insurer which is furnished at its request (i) with rates and rating manuals by a ~~rating~~ statistical organization of which it is not a member, or (ii) with advisory services by ~~an advisory~~ a statistical organization of which it is not a member.
- (7) "Willful" means in relation to an act or omission which constitutes a violation of this Article with actual knowledge or belief that such act or omission constitutes such violation and with specific intent to commit such violation.

(8), (9) Repealed by Session Laws 1987, c. 864, s. 66."

SECTION 4. G.S. 58-40-30(a) reads as rewritten:

"(a) With the exception of inland marine insurance that is not written according to manual rates and rating plans, every admitted insurer and every licensed ~~rating~~ statistical organization, which has been designated by any insurer for the filing of rates under G.S. 58-40-40, shall file with the Commissioner all rates and all changes and

amendments thereto made by it for use in this State prior to the time they become effective."

SECTION 5. G.S. 58-40-40 reads as rewritten:

"§ 58-40-40. Delegation of rate making and rate filing obligation.

(a) An insurer may itself establish rates based on the factors in G.S. 58-40-25 or it may use rates prepared by a ~~rating~~-statistical organization, with average expense factors determined by the ~~rating~~-statistical organization or with such modification for its own expense and loss experience as the credibility of that experience allows.

(b) An insurer may discharge its obligation under G.S. 58-40-30 by giving notice to the Commissioner that it uses rates prepared by a designated ~~rating~~-statistical organization, with such information about modifications thereof as are necessary to fully inform the Commissioner. The insurer's rates shall be those filed from time to time by the ~~rating~~-statistical organization, including any amendments thereto as filed, subject, however, to the modifications filed by the insurer."

SECTION 6. G.S. 58-40-45(c) reads as rewritten:

"(c) No person shall willfully withhold information required by this Article from or knowingly furnish false or misleading information to the Commissioner, any ~~statistical agency organization~~ designated by the Commissioner, ~~any rating or advisory organization~~, or any insurer, which information will affect the rates, rating plans, loss costs, classifications, or policy forms subject to this Article."

SECTION 7. G.S. 58-40-50 reads as rewritten:

"§ 58-40-50. Rating Statistical organizations.

(a) No ~~rating~~-statistical organization shall ~~provide any service relating to rates subject to this Article~~ conduct its operations in this State, and no insurer shall utilize the service of such organization for ~~such any purpose enumerated in G.S. 58-40-5~~ unless the organization has obtained a license from the Commissioner.

(b) No ~~rating~~-statistical organization shall refuse to supply any services for which it is licensed in this State to any insurer admitted to do business in this State and offering to pay the fair and usual compensation for the services.

(c) A ~~rating~~-statistical organization applying for a license shall include with its application:

- (1) A copy of its constitution, charter, articles of organization, agreement, association, or incorporation, and a copy of its bylaws, plan of operation, and any other rules or regulations governing the conduct of its ~~business~~; business, all duly certified by the custodian of the originals thereof;
- (2) A list of its members and subscribers;
- (3) The name and address of one or more residents of this State upon whom notices, process affecting it, or orders of the Commissioner may be served;
- (4) A statement showing its technical qualifications for acting in the capacity for which it seeks a license; and
- (5) Any other relevant information and documents that the Commissioner may require.

(d) If the Commissioner ~~finds~~ determines that the applicant and the natural persons through whom it acts are qualified to provide the services proposed, and that all requirements of law are met, he shall issue a license specifying the authorized activity of the applicant. He shall not issue a license if the proposed activity would tend to create a monopoly or to lessen or to destroy price competition. Licenses issued pursuant to this section shall remain in effect until the licensee withdraws from the State or until the license is suspended or revoked.

(e) Any change in or amendment to any document required to be filed under this section shall be promptly filed with the Commissioner.

(f) ~~Every rating organization providing services in this State on September 1, 1977, may continue to provide services thereafter as a rating organization, subject to the~~

~~provisions of this Article and pending its application to the Commissioner for a license to provide services as a rating organization, which application shall be made within 30 days after September 1, 1977.~~

(g) Every statistical organization shall file a statistical plan with the Commissioner for approval for each line of insurance for which the organization requests to be licensed. The Commissioner may, in the Commissioner's discretion, modify the plan to collect additional types of data.

(h) No statistical organization shall engage in any unfair or unreasonable practice with respect to its activities."

SECTION 8. G.S. 58-40-55 is repealed.

SECTION 9. G.S. 58-40-65 reads as rewritten:

"§ 58-40-65. Insurers authorized to act in concert.

Subject to and in compliance with the provisions of Articles 1 through 64 of this Chapter authorizing insurers to be members or subscribers of ~~rating or advisory organizations~~ statistical organizations or to engage in joint underwriting or joint reinsurance, two or more insurers may act in concert with each other and with others with respect to any matters pertaining to the making of rates or rating systems, the preparation or making of insurance policy or bond forms, underwriting rules, surveys, inspections and investigations, the furnishing of loss or expense statistics or other information and data, the creation, administration, or termination of a market assistance program, or carrying on of research."

SECTION 10. G.S. 58-40-75 reads as rewritten:

"§ 58-40-75. Agreements to adhere.

No insurer shall assume any obligation to any person, other than a policyholder or other insurers with which it is under common control or management or is a member of a market assistance program or of a joint underwriting or joint reinsurance organization, to use or adhere to certain rates or rules; and no other person shall impose any penalty or other adverse consequence for failure of an insurer to adhere to certain rates or rules. This section does not apply to mandatory or voluntary risk sharing plans established under Article 42 of this Chapter or apportionment agreements among insurers approved by the Commissioner pursuant to G.S. 58-40-95. Provided, however, that members and subscribers of ~~rating or advisory~~ statistical organizations may use the rates, rating systems, underwriting rules, or policy or bond forms of such organizations either consistently or intermittently. The fact that two or more admitted insurers, whether or not members or subscribers of a ~~rating or advisory~~ statistical organization, consistently or intermittently use the rates or rating systems made or adopted by a ~~rating~~ statistical organization, or the underwriting rules or policy or bond forms prepared by a ~~rating or advisory~~ statistical organization, shall not be sufficient in itself to support a finding that an agreement to so adhere exists, and it may be used only for the purpose of supplementing or explaining direct evidence of the existence of any such agreement."

SECTION 11. G.S. 58-40-80 reads as rewritten:

"§ 58-40-80. Exchange of information or experience data; consultation with rating statistical organizations and insurers.

~~Rating-Statistical~~ organizations licensed pursuant to G.S. 58-40-50 and admitted insurers are authorized to exchange information and experience data between and among themselves in this State and with ~~rating~~ statistical organizations and insurers in other states and may consult with them with respect to rate making and the application of rating systems."

SECTION 12. G.S. 58-40-85 reads as rewritten:

"§ 58-40-85. Recording and reporting of experience.

The Commissioner shall promulgate or approve reasonable rules, including rules providing statistical plans, for use thereafter by all insurers in the recording and reporting of loss and expense experience, in order that the experience of such insurers may be made available to him. ~~No insurer shall be required to record or report its experience on a classification basis inconsistent with its own rating system.~~ The

Commissioner may designate one or more ~~rating-statistical~~ organizations to assist him in gathering and making compilations of such experience. All insurers, for lines of insurance that require data to be reported, shall report their data to one of these designated statistical organizations."

SECTION 13. G.S. 58-40-90 reads as rewritten:

"§ 58-40-90. Examination of rating, joint underwriting, and joint reinsurance organizations.

The Commissioner shall, at least once every three years, make or cause to be made an examination of each ~~rating-statistical~~ organization licensed pursuant to ~~G.S. 58-40-50~~ and each ~~advisory organization licensed pursuant to G.S. 58-40-55.~~ G.S. 58-40-50. The Commissioner may, as often as deemed expedient, make or cause to be made, an examination of each group, association, or other organization referred to in G.S. 58-40-60. This examination shall relate only to the activities conducted pursuant to this Article and to the organizations licensed under this Article. The officers, manager, agents and employees of any such organization may be examined at any time under oath and shall exhibit all books, records, accounts, documents or agreements governing its method of operation. In lieu of any such examination, the Commissioner may accept the report of an examination made by the insurance advisory official of another state, pursuant to the laws of that state."

SECTION 14. G.S. 58-40-100 reads as rewritten:

"§ 58-40-100. Request for review of rate, rating plan, rating system or underwriting rule.

(a) Any person aggrieved by any rate charged, rating plan, rating system, or underwriting rule followed or adopted by an insurer or ~~rating-statistical~~ organization may request the insurer or rating organization to review the manner in which the rate, plan, system, or rule has been applied with respect to insurance afforded him. Such request may be made by his authorized representative, and shall be in writing. If the request is not granted within 30 days after it is made, the requestor may treat it as rejected. Any person aggrieved by the action of an insurer or ~~rating-statistical~~ organization in refusing the review requested or in failing or refusing to grant all or part of the relief requested, may file a written complaint and request for hearing with the Commissioner, and shall specify the grounds relied upon. If the Commissioner has information concerning a similar complaint he may deny the hearing. If the Commissioner believes that probable cause for the complaint does not exist or that the complaint is not made in good faith, he shall deny the hearing. If the Commissioner finds that the complaint charges a violation of this Article and that the complainant would be aggrieved if the violation is proven, he shall proceed as provided in G.S. 58-2-50 or 58-2-70.

(b) Repealed by Session Laws 1985 (Regular Session, 1986), c. 1027, s. 15."

SECTION 15. G.S. 58-40-110 reads as rewritten:

"§ 58-40-110. Suspension of license.

(a) Repealed by Session Laws 1985, c. 666, s. 36.

(b) The Subject to the requirements of this Article and of G.S. 58-2-70, the Commissioner may suspend or revoke the license of any ~~rating-statistical~~ organization or insurer that or impose a monetary penalty against any statistical organization or insurer where (i) the Commissioner has reason to believe that any statistical organization or insurer has violated any provision of this Chapter, or (ii) the statistical agent fails to comply with an order of the Commissioner within the time limited by such order, or within any extension thereof that the Commissioner may grant. The Commissioner shall not suspend the license of any ~~rating-statistical~~ organization or insurer for failure to comply with an order until the time prescribed for an appeal therefrom has expired or, if an appeal has been taken, until ~~such-the~~ order has been affirmed. The Commissioner may determine when a suspension of a license shall become effective, and ~~such-the~~ suspension shall remain in effect for the period fixed by

him unless he modifies or rescinds ~~such the~~ suspension, or until the order upon which ~~such the~~ suspension is based is modified, rescinded, or reversed.

(c) No license shall be suspended or revoked, and no monetary penalty shall be imposed except upon a written order of the Commissioner stating his findings, made after a hearing held upon not less than 10 days' written notice to ~~such the~~ person or organization, and specifying the alleged violation."

SECTION 16. G.S. 58-40-130 reads as rewritten:

"§ 58-40-130. Financial disclosure; rate modifications; reporting requirements.

(a) The Commissioner may require each insurer subject to this Article to report, on a form prescribed by the Commissioner, its loss and expense experience, investment income, administrative expenses, and other data that he may require, for kinds of insurance or classes of risks that he designates. These reports are in addition to financial or other statements required by Articles 1 through 64 of this Chapter.

(b) The Commissioner may designate one or more ~~rating organizations or advisory statistical~~ organizations to gather and compile the experience and data referred to in subsection (a) of this section for their member companies.

(c) Whereas the provisions enacted by the General Assembly in 1986 regarding modifications in North Carolina civil law may have a prospective effect upon the loss experience of insurers subject to this Article, the Commissioner is authorized to review each company's rates by type of insurance that are in effect on and after January 1, 1987, and, when and where appropriate, require modification of ~~such those~~ rates.

(d) Each insurer subject to this Article shall record the experience and data referred to in subsection (a) of this ~~section arising from causes of action arising against its insureds on and after January 1, 1987.~~ section. Such experience and data shall be reported to the Commissioner ~~by March 31, 1988, which report shall be on a form prescribed by the Commissioner reflecting such experience and data for the one year period beginning on January 1, 1987. Subsequently, such experience and data shall be reported to the Commissioner~~ by March 31 of each year for each one-year period ending on December 31 of the previous year.

(e) On or before July 1, 1988, and annually thereafter, the Commissioner shall report to the General Assembly the effects, if any, of changes in North Carolina civil law statutes on the experience of insurers subject to this section."

SECTION 17. G.S. 143B-472.96(b) reads as rewritten:

"(b) Rate Standards. – The rate standards in G.S. 58-40-20 apply to premiums set by the Authority under this section. The Authority may also use the forms and rates of ~~rating or advisory statistical~~ organizations licensed under ~~G.S. 58-40-50 or G.S. 58-40-55.~~ G.S. 58-40-50. The Authority may vary from these rates in order to broaden participation by small businesses that are unable to obtain adequate financing and bonding assistance in connection with contracts. The premiums set and forms developed by the Authority under this section must be approved by the Commissioner of Insurance before they may be used."

SECTION 18. Article 36 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-36-4. Statistical organizations; licensing; recording and reporting; examination; suspension of license; financial disclosure.

(a) For purposes of this Article:

(1) "Statistical organization" means every person, other than an admitted insurer, whether located within or outside this State, who performs one or more of the following functions:

a. Prepares policy forms or makes underwriting rules incident to, but not including, the making of rates, rating plans, or rating systems.

b. Collects and furnishes to admitted insurers or statistical organizations loss or expense statistics or other statistical information and data and acts in an advisory rather than a

rate-making capacity. No duly authorized attorney-at-law acting in the usual course of that person's profession shall be deemed to be a statistical organization.

- c. Makes rates, rating plans or rating systems, or develops loss costs. Two or more insurers that act in concert for the purpose of making rates, rating plans or rating systems, or developing loss costs and that do not operate within the specific authorizations contained in this Article shall be deemed to be a statistical organization.
- d. Collects data and statistics from insurers and provides reports from these statistics to the Commissioner for the purpose of fulfilling the statistical reporting obligations of those insurers.

"Statistical organization" shall not mean the North Carolina Rate Bureau, the North Carolina Motor Vehicle Reinsurance Facility, the North Carolina Insurance Underwriting Association, or the North Carolina Joint Underwriting Association.

- (2) "Statistical plan" means the document used by a statistical organization to set forth which data elements are to be reported to the statistical organization and to describe the format in which the data must be reported.

(b) No statistical organization shall conduct its operations in this State, and no insurer shall utilize the service of that organization for any purpose enumerated in this Article unless the organization has obtained a license from the Commissioner. No statistical organization shall refuse to supply any services for which it is licensed in this State to any insurer admitted to do business in this State and offering to pay the fair and usual compensation for the services. A statistical organization applying for a license shall include with its application:

- (1) A copy of its constitution, charter, articles of organization, agreement, association, or incorporation, and a copy of its bylaws, plan of operation, and any other rules or regulations governing the conduct of its business, all duly certified by the custodian of the originals thereof;
- (2) A list of its members and subscribers;
- (3) The name and address of one or more residents of this State upon whom notices, process affecting it, or orders of the Commissioner may be served;
- (4) A statement showing its technical qualifications for acting in the capacity for which it seeks a license; and
- (5) Any other relevant information and documents that the Commissioner may require.

If the Commissioner determines that the applicant and the natural persons through whom it acts are qualified to provide the services proposed and that all requirements of law are met, the Commissioner shall issue a license specifying the authorized activity of the applicant. The Commissioner shall not issue a license if the proposed activity would tend to create a monopoly or to lessen or to destroy price competition. Licenses issued pursuant to this section shall remain in effect until the licensee withdraws from the State or until the license is suspended or revoked. Any change in or amendment to any document required to be filed under this section shall be promptly filed with the Commissioner. Every statistical organization shall file a statistical plan with the Commissioner for approval for each line of insurance for which the organization requests to be licensed. The Commissioner may, in the Commissioner's discretion, modify the plan to collect additional types of data. No statistical organization shall engage in any unfair or unreasonable practice with respect to its activities.

(c) Statistical organizations licensed pursuant to subsection (b) of this section and admitted insurers are authorized to exchange information and experience data between and among themselves in this State and with statistical organizations and insurers in

other states and may consult with them with respect to rate making and the application of rating systems.

(d) The Commissioner shall adopt or approve reasonable rules, including rules providing statistical plans, for use thereafter by all insurers in the recording and reporting of loss and expense experience, in order that the experience of those insurers may be made available to the Commissioner. The Commissioner may designate one or more statistical organizations to assist him or her in gathering and making compilations of the experience. All insurers, for lines of insurance that require data to be reported, shall report their data to one of the designated statistical organizations.

(e) The Commissioner shall, at least once every three years, make or cause to be made an examination of each statistical organization licensed pursuant to subsection (b) of this section. This examination shall relate only to the activities conducted pursuant to this Article and to the organizations licensed under this Article. The officers, manager, agents, and employees of any statistical organization may be examined at any time under oath and shall exhibit all books, records, accounts, documents, or agreements governing its method of operation. In lieu of any examination, the Commissioner may accept the report of an examination made by the insurance advisory official of another state, pursuant to the laws of that state.

(f) Subject to the requirements of this Article and of G.S. 58-2-70, the Commissioner may suspend or revoke the license of any statistical organization or impose a monetary penalty against any statistical organization where (i) the Commissioner has reason to believe that any statistical organization has violated any provision of this Chapter, or (ii) the statistical organization fails to comply with an order of the Commissioner within the time limited by the order, or within any extension thereof that the Commissioner may grant. The Commissioner shall not suspend the license of any statistical organization for failure to comply with an order until the time prescribed for an appeal from the order has expired or, if an appeal has been taken, until the order has been affirmed. The Commissioner may determine when a suspension of a license shall become effective, and the suspension shall remain in effect for the period fixed by the Commissioner unless the Commissioner modifies or rescinds the suspension, or until the order upon which the suspension is based is modified, rescinded, or reversed. No license shall be suspended or revoked, and no monetary penalty shall be imposed except upon a written order of the Commissioner stating the Commissioner's findings, made after a hearing held upon not less than 10 days' written notice to the person or organization, and specifying the alleged violation."

SECTION 19. G.S. 58-37(l) reads as rewritten:

"(l) The classifications, rules, rates, rating plans and policy forms used on motor vehicle insurance policies reinsured by the Facility may be made by the Facility or by any licensed or statutory ~~rating~~ statistical organization or bureau on its behalf and shall be filed with the Commissioner. The Board of Governors shall establish a separate subclassification within the Facility for "clean risks". For the purpose of this Article, a "clean risk" is any owner of a nonfleet private passenger motor vehicle as defined in G.S. 58-40-10, if the owner, principal operator, and each licensed operator in the owner's household have two years' driving experience as licensed drivers and if none of the persons has been assigned any Safe Driver Incentive Plan points under Article 36 of this Chapter during the three-year period immediately preceding either (i) the date of application for a motor vehicle insurance policy or (ii) the date of preparation of a renewal of a motor vehicle insurance policy. The filings may incorporate by reference any other material on file with the Commissioner. Rates shall be neither excessive, inadequate nor unfairly discriminatory. If the Commissioner finds, after a hearing, that a rate is either excessive, inadequate or unfairly discriminatory, the Commissioner shall issue an order specifying in what respect it is deficient and stating when, within a reasonable period thereafter, the rate is no longer effective. The order is subject to judicial review as set out in Article 2 of this Chapter. Pending judicial review of said order, the filed classification plan and the filed rates may be used, charged and collected

in the same manner as set out in G.S. 58-40-45 of this Chapter. The order shall not affect any contract or policy made or issued before the expiration of the period set forth in the order. All rates shall be on an actuarially sound basis and shall be calculated, insofar as is possible, to produce neither a profit nor a loss. However, the rates made by or on behalf of the Facility with respect to "clean risks" shall not exceed the rates charged "clean risks" who are not reinsured in the Facility. The difference between the actual rate charged and the actuarially sound and self-supporting rates for "clean risks" reinsured in the Facility may be recouped in similar manner as assessments under G.S. 58-37-40(f). Rates shall not include any factor for underwriting profit on Facility business, but shall provide an allowance for contingencies. There shall be a strong presumption that the rates and premiums for the business of the Facility are neither unreasonable nor excessive."

SECTION 20. G.S. 58-41-50(b) reads as rewritten:

"(b) With the exception of inland marine insurance that is not written according to manual rates and rating plans, all rates or prospective loss cost multipliers by licensed fire and casualty companies or their designated ~~rating~~-rating-statistical organizations must be filed with the Commissioner at least 60 days before they may be used in this State. Any filing may become effective on a date earlier than that specified in this subsection upon agreement between the Commissioner and the filer."

SECTION 21. G.S. 58-42-10(a) reads as rewritten:

"(a) Each plan shall require participation:

- (1) By all insurers licensed in this State to write the kinds of insurance covered by the specific plan;
- (2) By all agents licensed to represent those insurers for that kind of insurance; and
- (3) By every ~~rating~~-rating-statistical organization that makes rates for that kind of insurance."

SECTION 22. G.S. 58-42-25 reads as rewritten:

"§ 58-42-25. **Basis for participation.**

Each plan shall specify the basis for participation by insurers, agents, ~~rating~~-rating-statistical organizations, and other participants and shall specify the conditions under which risks shall be accepted and underwritten by the plan."

SECTION 23. This act becomes effective October 1, 2005.

In the General Assembly read three times and ratified this the 11th day of July, 2005.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 1:57 p.m. this 20th day of July, 2005