

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 479

Short Title: Timely Settlement of Claims.

(Public)

Sponsors: Representatives Justus, Hege; and Ligon.

Referred to: Judiciary.

March 7, 1989

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THAT INSURANCE COMPANIES SETTLE CLAIMS
WITHIN SIX MONTHS OF RECEIPT OF NOTIFICATION OF CLAIMS FROM
CLAIMANTS.

The General Assembly of North Carolina enacts:

Section 1. Article 3 of Chapter 58 of the General Statutes is amended by
adding a new section to read:

"§ 58-42.2. Timely settlement of claims; interest; penalties.

(a) Any company doing the business of insurance as defined in G.S. 58-72 shall settle a claim within six months of the date on which the company received notice of the claim from the claimant; provided that the claimant has provided a properly executed proof of loss to the company.

(b) If a company fails to settle a claim within the six-month time period, then the amount of the final settlement shall bear interest at the rate of ten percent (10%) per annum computed from the date the company received notice of the claim; provided that:

(1) If the company commences a civil action to determine a disputed issue related to the claim prior to expiration of the six-month time period and a decision is rendered in favor of the company, then no interest shall accrue;

(2) If the company commences a civil action to determine a disputed issue related to the claim prior to expiration of the six-month time period and a decision is rendered in favor of the claimant, then the final settlement or judgment amount shall bear interest at a rate of ten

1 percent (10%) per annum computed from the date the company
2 received notice of the claim; or
3 (3) If the claimant commences a civil action to determine a disputed issue
4 related to the claim prior to expiration of the six-month time period,
5 then no interest shall accrue.

6 (c) Any company that violates this section is subject to the provisions of G.S. 58-
7 9.7, 58-37 through 58-39, and 58-44.4."

8 Sec. 2. G.S. 58-44.4 reads as rewritten:

9 **"§ 58-44.4. Revocation of license for violation; power of Commissioner.**

10 When the Commissioner has information of a violation by an insurance company of
11 any of the provisions of G.S. 58-42.1, 58-42.2, 58-44.3 or 58-617(h), he shall
12 immediately investigate or cause to be investigated such violation, and if any such
13 insurance company has violated any of said provisions he may immediately revoke its
14 license for not less than three nor more than six months for a first offense, and for each
15 offense thereafter for not less than one year. For the purpose of enforcing the provisions
16 of said sections the Commissioner is authorized and empowered to examine persons,
17 administer oaths, and require production of papers and records. A failure or refusal on
18 the part of any such insurance company, licensed to do business in this State, or
19 representative thereof, to appear before the Commissioner when requested to do so, or
20 to produce records and papers, or answer under oath, subjects such company, or
21 representative, to the penalties of this section."

22 Sec. 3. This act shall become effective July 1, 1989, and shall apply to claims
23 filed on or after that date.