

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1989**

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SENATE BILL 1408
Insurance Committee Substitute Adopted 6/20/90

Short Title: Med Supp/LTC Agent Fees.

(Public)

Sponsors:

Referred to:

May 29, 1990

A BILL TO BE ENTITLED

1
2 AN ACT TO PROVIDE FOR SUPPLEMENTAL FEES, LICENSES, WRITTEN
3 EXAMINATIONS, AND CONTINUING EDUCATION FOR AGENTS WHO
4 SELL MEDICARE SUPPLEMENT OR LONG-TERM CARE INSURANCE
5 POLICIES; TO FUND THE SENIORS' HEALTH INSURANCE INFORMATION
6 PROGRAM; AND TO AMEND THE MEDICARE SUPPLEMENT INSURANCE
7 LAW IN ACCORDANCE WITH RECENT CONGRESSIONAL ACTION.

8 The General Assembly of North Carolina enacts:

9 Section 1. G.S. 58-33-25(c) is amended by adding the following new
10 subdivision:

11 "(8) Medicare Supplement Insurance and Long-Term Care Insurance, as a
12 supplement to a license for the kinds of insurance listed in subdivisions
13 (1) and (2) of this subsection."

14 Sec. 2. G.S. 58-33-25 is amended by adding the following new subsection:

15 "(d2) A life, accident, and health license or an accident and health license
16 authorizes an agent to sell Medicare supplement and long-term care insurance policies
17 as defined respectively in Articles 54 and 55 of this Chapter, provided that the licensee
18 takes and passes a supplemental written examination for such insurance as provided in
19 G.S. 58-33-30(e) and pays the supplemental registration fee as provided in G.S. 58-33-
20 125(c)."

21 Sec. 3. G.S. 58-33-30(e) reads as rewritten:

22 "(e) Examination.

23 (1) After completion and filing of the application with the Commissioner,
24 except as provided in G.S. 58-33-35, the Commissioner shall require

- 1 each applicant for license as an agent or an adjuster to take a written
2 examination as to his competence to be licensed. The applicant must
3 take and pass the examination according to requirements prescribed by
4 the Commissioner.
- 5 (2) The Commissioner may require any licensed agent, adjuster, or motor
6 vehicle damage appraiser to take and successfully pass an examination
7 in writing, testing his competence and qualifications as a condition to
8 the continuance or renewal of his license, if the licensee has been
9 found guilty of any violation of any provision of Articles 1 through 67
10 of this Chapter. If an individual fails to pass such an examination, the
11 Commissioner shall revoke all licenses issued in his name and no
12 license shall be issued until such individual has passed an examination
13 as provided in this Article.
- 14 (3) Each examination shall be as the Commissioner prescribes and shall be
15 of sufficient scope to test the applicant's knowledge of:
- 16 a. The terms and provisions of the policies or contracts of
17 insurance he proposes to effect; or
18 b. The types of claims or losses he proposes to adjust; and
19 c. The duties and responsibilities of such a license; and
20 d. The current laws of this State applicable to such a license.
- 21 (4) The answers of the applicant to any such examination shall be written
22 by the applicant under the Commissioner's supervision. The
23 Commissioner shall give examinations at such times and places within
24 this State as he deems necessary reasonably to serve the convenience
25 of both the Commissioner and applicants: Provided that the
26 Commissioner is authorized to contract directly with persons for the
27 processing of examination application forms and for the administration
28 and grading of the examinations required by this section; the
29 Commissioner is authorized to charge a reasonable fee in addition to
30 the registration fee charged under G.S. 58-33-125, to offset the cost of
31 the examination contract authorized by this subsection; and such
32 contracts shall not be subject to Article 3 of Chapter 143 of the
33 General Statutes.
- 34 (5) The Commissioner shall collect in advance the examination and
35 registration fees provided in G.S. 58-33-125 and in subsection (4) of
36 this section. The Commissioner shall make or cause to be made
37 available to all applicants, for a reasonable fee to offset the costs of
38 production, materials that he deems necessary for the applicants'
39 proper preparation for such exams. The Commissioner is empowered
40 to contract directly with publishers and other suppliers for the
41 production of such preparatory materials, and contracts so let by the
42 Commissioner shall not be subject to Article 3 of Chapter 143 of the
43 General Statutes.

1 In addition to the examinations for the kinds of insurance specified in G.S. 58-33-
 2 25(c)(1) and (2), before any person may sell Medicare supplement or long-term care
 3 insurance policies defined respectively in Articles 54 and 55 of this Chapter, he must
 4 take and pass a supplemental written examination according to requirements prescribed
 5 by the Commissioner."

6 Sec. 4. G.S. 58-33-125(a) reads as rewritten:

7 "(a) The following table indicates the annual fees that are required for the
 8 respective licenses issued under this Article and Article 21 of this Chapter:

9 Adjuster	\$50.00
10 Adjuster, crop hail only	10.00
11 Agent appointment cancellation (paid by insurer)	5.00
12 Agent appointment, individual	10.00
13 Agent appointment, nonindividual	25.00
14 <u>Agent appointment, Medicare supplement</u>	
15 <u>and long-term care, individual</u>	<u>10.00</u>
16 <u>Agent appointment, Medicare supplement</u>	
17 <u>and long-term care, nonindividual</u>	<u>20.00</u>
18 Agent, overseas military	10.00
19 Broker, nonresident	50.00
20 Broker, resident	25.00
21 Limited representative	10.00
22 Limited representative cancellation (paid by	
23 insurer) 5.00	
24 Motor vehicle damage appraiser	50.00
25 Surplus lines licensee, corporate	50.00
26 Surplus lines licensee, individual	50.00

27 These fees are in lieu of any other license fees. Fees paid by an insurer on behalf of
 28 a person who is licensed or appointed to represent the insurer shall be paid to the
 29 Commissioner on a quarterly or monthly basis, in the discretion of the Commissioner."

30 Sec. 5. G.S. 58-33-125(c) reads as rewritten:

31 "(c) Any person not registered who is required by law or administrative rule to
 32 secure a license shall, upon application for registration, pay to the Commissioner a fee
 33 of ten dollars (\$10.00). In the event additional licensing for other kinds of insurance is
 34 requested, a fee of ten dollars (\$10.00) shall be paid to the Commissioner upon
 35 application for registration for each additional kind of insurance.

36 In addition to the fees prescribed by this subsection, any person applying for a
 37 supplemental license to sell Medicare supplement and long-term care insurance policies
 38 shall pay an additional fee of fifteen dollars (\$15.00) upon application for registration
 39 for those kinds of insurance."

40 Sec. 6. G.S. 58-33-130 is amended by adding the following new subsection:

41 "(k) In addition to the 12 annual credit hours required of life or health insurance
 42 agents or brokers, in order to renew an appointment or license on and after January 1,
 43 1993, every person holding a supplemental license under G.S. 58-33-25(d2) shall
 44 satisfactorily complete two annual credit hours in course instruction covering the

1 principles of Medicare supplement and long-term care insurance, including changes in
2 federal or North Carolina law relating to such insurance. Such additional two hours are
3 not subject to the limitation in subsection (e) of this section."

4 Sec. 7. Article 2 of Chapter 58 of the General Statutes is amended by adding
5 the following new section:

6 **"§ 58-2-36. Funding of Seniors' Health Insurance Information Program.**

7 Monies received by the Commissioner from the supplemental appointment and
8 registration fees in G.S. 58-33-125(a) and (c) for Medicare supplement and long-
9 term care insurance agents shall be used solely to offset the costs of the Seniors' Health
10 Insurance Information Program in the Department. If such funds are not adequate to
11 fully offset such costs, the Commissioner is authorized to equally assess each licensed
12 insurer that writes Medicare supplement, long-term care, home health care, dread
13 disease, or hospital indemnity insurance in this State. Such assessment shall be used
14 solely to offset the costs of the Seniors' Health Insurance Information Program."

15 Sec. 8. G.S. 58-33-30(d) is amended by adding a new subdivision to read:

16 "(3) Each applicant for a Medicare supplement and long-term care
17 insurance license shall furnish evidence satisfactory to the
18 Commissioner of successful completion of 10 hours of instruction,
19 which shall in all cases include the principles of Medicare supplement
20 and long-term care insurance and federal and North Carolina law
21 relating to such insurance. An applicant who submits satisfactory
22 evidence of having successfully completed an agent training course
23 that has been approved by the Commissioner and that is offered by or
24 under the auspices of an admitted life or health insurer or a
25 professional insurance association satisfies the educational
26 requirements of this subdivision."

27 Sec. 9. G.S. 58-54-15 reads as rewritten:

28 **"§ 58-54-15. Minimum standards for benefits, marketing practices, compensation**
29 **arrangements, reporting practices, and claims payments.**

30 The Commissioner shall adopt rules, pursuant to G.S. 150B-13, to establish
31 minimum standards for benefits, marketing practices, compensation arrangements,
32 reporting practices, and claims payments under policies."

33 Sec. 10. G.S. 58-55-30 is amended by adding a new subsection to read:

34 "(k) The Commissioner shall adopt rules, pursuant to G.S. 150B-13, to establish
35 minimum standards for marketing practices and compensation arrangements for long-
36 term care insurance."

37 Sec. 11. All life, accident, and health or accident and health agents that are
38 duly licensed on January 1, 1991, shall have until June 30, 1991, to comply with the
39 requirements of Sections 1 through 5 of this act in order to sell Medicare supplement or
40 long-term care insurance policies in this State.

41 Sec. 12. Sections 1 through 8 of this act shall become effective January 1,
42 1991. The remainder of this act is effective upon ratification.