

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 626\*

Short Title: Insurer Risk-Based Capital.

(Public)

Sponsors: Senator Seymour.

Referred to: Insurance.

March 30, 1993

A BILL TO BE ENTITLED

AN ACT TO ADOPT THE MODEL ACT OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS FOR RISK-BASED CAPITAL REQUIREMENTS FOR LIFE AND HEALTH INSURANCE COMPANIES.

The General Assembly of North Carolina enacts:

Section 1. Article 12 of Chapter 58 of the General Statutes is amended by adding the following sections:

"§ 58-12-2. Definitions.

As used in this Article, the following terms have the following meanings:

- (1) Adjusted Risk-Based Capital Report. – A risk-based capital report that has been adjusted by the Commissioner under G.S. 58-12-6(c).
- (2) Corrective Order. – An order issued by the Commissioner specifying corrective actions that the Commissioner has determined are required.
- (3) Domestic Insurer. – Any life or health insurance company organized in this State under Article 7 of this Chapter.
- (4) Foreign Insurer. – Any life or health insurance company that is admitted to do business in this State under Article 16 of this Chapter but is not domiciled in this State.
- (5) Negative Trend. – A negative trend over a period of time, as determined in accordance with the 'Trend Test Calculation' included in the risk-based capital instructions.
- (6) Risk-Based Capital Instructions. – The risk-based capital report including risk-based capital instructions adopted by the National Association of Insurance Commissioners, as those risk-based capital

1 instructions may be amended by the National Association of Insurance  
2 Commissioners from time to time in accordance with the procedures  
3 adopted by the National Association of Insurance Commissioners.

4 (7) Risk-Based Capital Level. – An insurer's company action level risk-  
5 based capital regulatory action level risk-based capital authorized  
6 control level risk-based capital or mandatory control level risk-based  
7 capital where:

8 a. 'Company Action Level Risk-Based Capital' means, with  
9 respect to any insurer, the product of 2.0 and its authorized  
10 control level risk-based capital.

11 b. 'Regulatory Action Level Risk-Based Capital' means the  
12 product of 1.5 and its authorized control level risk-based  
13 capital.

14 c. 'Authorized Control Level Risk-Based Capital' means the  
15 number determined under the risk-based capital formula in  
16 accordance with the risk-based capital instructions.

17 d. 'Mandatory Control Level Risk-Based Capital' means the  
18 product of .70 and the authorized control level risk-based  
19 capital.

20 (8) Risk-Based Capital Plan. – A comprehensive financial plan containing  
21 the elements specified in G.S. 58-12-11(b). If the Commissioner  
22 rejects the risk-based capital plan, and it is revised by the insurer, with  
23 or without the Commissioner's recommendation, the plan shall be  
24 called the 'Revised Risk-Based Capital Plan'.

25 (9) Risk-Based Capital Report. – The report required in G.S. 58-12-6.

26 (10) Total Adjusted Capital. – The sum of:

27 a. An insurer's statutory capital and surplus; and

28 b. Such other items, if any, as the risk-based capital instructions  
29 may provide.

30 **§ 58-12-6. Risk-Based Capital Reports.**

31 (a) Every domestic insurer shall, on or before each March 15 (the 'filing date'),  
32 prepare and submit to the Commissioner a report of its risk-based capital levels as of the  
33 end of the calendar year just ended, in a form and containing such information as is  
34 required by the risk-based capital instructions. In addition, every domestic insurer shall  
35 file its risk-based capital report:

36 (1) With the National Association of Insurance Commissioners in  
37 accordance with the risk-based capital instructions; and

38 (2) With the insurance regulator in any state in which the insurer is  
39 authorized to do business, if the Commissioner has notified the insurer  
40 of its request in writing, in which case the insurer shall file its risk-  
41 based capital report not later than the later of:

42 a. Fifteen days after the receipt of notice to file its risk-based  
43 capital report with that state; or

44 b. The filing date.

1       **(b)** An insurer's risk-based capital shall be determined in accordance with the  
2 formula set forth in the risk-based instructions. The formula shall take into account  
3 (and may adjust for the covariance between):

4           **(1)** The risk with respect to the insurer's assets;

5           **(2)** The risk of adverse insurance experience with respect to the insurer's  
6 liabilities and obligations;

7           **(3)** The interest rate risk with respect to the insurer's business; and

8           **(4)** All other business risks and such other relevant risks as are set forth in  
9 the risk-based capital instructions.

10 These risks shall be determined in each case by applying the factors in the manner set  
11 forth in the risk-based capital instructions.

12       **(c)** If a domestic insurer files a risk-based capital report that in the judgment of  
13 the Commissioner is inaccurate, the Commissioner shall adjust the risk-based capital  
14 report to correct the inaccuracy and shall notify the insurer of the adjustment. The  
15 notice shall contain a statement of the reason for the adjustment. A risk-based capital  
16 report as adjusted is referred to as an 'adjusted risk-based capital report'.

17 **"§ 58-12-11. Company Action Level Event.**

18       **(a)** 'Company Action Level Event' means any of the following events:

19           **(1)** The filing of a risk-based capital report by an insurer that indicates  
20 that:

21           **a.** The insurer's total adjusted capital is greater than or equal to its  
22 regulatory action level risk-based capital but less than its  
23 company action level risk-based capital; or

24           **b.** The insurer has total adjusted capital that is greater than or  
25 equal to its company action level risk-based capital but less than  
26 the product of its authorized control level risk-based capital and  
27 2.5 and has a negative trend.

28           **(2)** The notification by the Commissioner to the insurer of an adjusted  
29 risk-based capital report that indicates the event in sub-subdivision  
30 (1)a. or b. of this subsection if the insurer does not challenge the  
31 adjusted risk-based capital report under G.S. 58-12-30.

32           **(3)** If the insurer challenges an adjusted risk-based capital report that  
33 indicates the event in sub-subdivision (1)a. or b. of this subsection  
34 under G.S. 58-12-30, the notification by the Commissioner to the  
35 insurer that the Commissioner has rejected the insurer's challenge.

36       **(b)** In the event of a company action level event, the insurer shall prepare and  
37 submit to the Commissioner a comprehensive financial plan that:

38           **(1)** Identifies the conditions in the insurer that contribute to the company  
39 action level event.

40           **(2)** Contains proposals of corrective actions that the insurer intends to take  
41 and would be expected to result in the elimination of the company  
42 action level event.

43           **(3)** Provides projections of the insurer's financial results in the current year  
44 and at least the four succeeding years, both in the absence of proposed

1 corrective actions and giving effect to the proposed corrective actions,  
2 including projections of statutory operating income, net income,  
3 capital, or surplus (the projections for both new and renewal business  
4 should include separate projections for each major line of business and  
5 separately identify each significant income, expense, and benefit  
6 component).

7 (4) Identifies the key assumptions affecting the insurer's projections and  
8 the sensitivity of the projections to the assumptions.

9 (5) Identifies the quality of, and problems associated with, the insurer's  
10 business, including its assets, anticipated business growth and  
11 associated surplus strain, extraordinary exposure to risk, mix of  
12 business, and use of reinsurance in each case, if any.

13 (c) The risk-based capital plan shall be submitted:

14 (1) Within 45 days after the company action level event; or

15 (2) If the insurer challenges an adjusted risk-based capital report pursuant  
16 to G.S. 58-12-30, within 45 days after notification to the insurer that  
17 the Commissioner has rejected the insurer's challenge.

18 (d) Within 60 days after the submittal by an insurer of a risk-based capital plan to  
19 the Commissioner, the Commissioner shall notify the insurer whether the risk-based  
20 capital plan shall be implemented or is, in the judgment of the Commissioner,  
21 unsatisfactory. If the Commissioner determines the risk-based capital plan is  
22 unsatisfactory, the notification to the insurer shall set forth the reasons for the  
23 determination, and may set forth proposed revisions that will render the risk-based  
24 capital plan satisfactory, in the judgment of the Commissioner. Upon notification from  
25 the Commissioner, the insurer shall prepare a revised risk-based capital plan, which may  
26 incorporate by reference any revisions proposed by the Commissioner, and shall submit  
27 the revised risk-based capital plan to the Commissioner:

28 (1) Within 45 days after notification from the Commissioner; or

29 (2) If the insurer challenges the notification from the Commissioner under  
30 G.S. 58-12-30, within 45 days after a notification to the insurer that the  
31 Commissioner has rejected the insurer's challenge.

32 (e) In the event of a notification by the Commissioner to an insurer that the  
33 insurer's risk-based capital plan or revised risk-based capital plan is unsatisfactory, the  
34 Commissioner may, subject to the insurer's right to a hearing under G.S. 58-12-30,  
35 specify in the notification that the notification constitutes a regulatory action level  
36 event.

37 (f) Every domestic insurer that files a risk-based capital plan or revised risk-  
38 based capital plan with the Commissioner shall file a copy of the risk-based capital plan  
39 or revised risk-based capital plan with the insurance regulator in any state in which the  
40 insurer is authorized to do business if:

41 (1) That state has a risk-based capital provision substantially similar to  
42 G.S. 58-12-21(a); and

43 (2) The insurance regulator of that state has notified the insurer of its  
44 request for the filing in writing, in which case the insurer shall file a

1 copy of the risk-based capital plan or revised risk-based capital plan in  
2 that state no later than the later of:

3 a. Fifteen days after the receipt of notice to file a copy of its risk-  
4 based capital plan or revised risk-based capital plan with the  
5 state; or

6 b. The date on which the risk-based capital plan or revised risk-  
7 based capital plan is filed under G.S. 58-12-30(c).

8 **"§ 58-12-16. Regulatory Action Level Event.**

9 (a) 'Regulatory Action Level Event' means, with respect to any insurer, any of  
10 the following events:

11 (1) The filing of a risk-based capital plan report by the insurer that  
12 indicates that the insurer's total adjusted capital is greater than or equal  
13 to its authorized control level risk-based capital but less than its  
14 regulatory action level risk-based capital.

15 (2) The notification by the Commissioner to an insurer of an adjusted risk-  
16 based capital report that indicates the event in subdivision (1) of this  
17 subsection, if the insurer does not challenge the adjusted risk-based  
18 capital report under G.S. 58-12-30.

19 (3) If the insurer challenges an adjusted risk-based capital report that  
20 indicates the event in subdivision (1) of this subsection under G.S. 58-  
21 12-30, the notification by the Commissioner to the insurer that the  
22 Commissioner has rejected the insurer's challenge.

23 (4) The failure of the insurer to file a risk-based capital report by the filing  
24 date, unless the insurer has provided an explanation for the failure that  
25 is satisfactory to the Commissioner and has cured the failure within 10  
26 days after the filing date.

27 (5) The failure of the insurer to submit a risk-based capital plan to the  
28 Commissioner within the time period set forth in G.S. 58-12-11(c).

29 (6) Notification by the Commissioner to the insurer that:

30 a. The risk-based capital plan or revised risk-based capital plan  
31 submitted by the insurer is, in the judgment of the  
32 Commissioner, unsatisfactory; and

33 b. The notification constitutes a regulatory action level event with  
34 respect to the insurer, provided the insurer has not challenged  
35 the determination under G.S. 58-12-30.

36 (7) If the insurer challenges a determination by the Commissioner under  
37 subdivision (6) of this subsection pursuant to G.S. 58-12-30, the  
38 notification by the Commissioner to the insurer that the Commissioner  
39 has rejected the challenge.

40 (8) Notification by the Commissioner to the insurer that the insurer has  
41 failed to adhere to its risk-based capital plan or revised risk-based  
42 capital plan; but only if the failure has a substantial adverse effect on  
43 the ability of the insurer to eliminate the regulatory action level event  
44 in accordance with its risk-based capital plan or revised risk-based

1 capital plan and the Commissioner has so stated in the notification,  
2 provided the insurer has not challenged the determination under G.S.  
3 58-12-30.

4 (9) If the insurer challenges a determination by the Commissioner under  
5 subdivision (8) of this subsection pursuant to G.S. 58-12-30, the  
6 notification by the Commissioner to the insurer that the Commissioner  
7 has rejected the challenge (unless the failure of the insurer to adhere to  
8 its risk-based capital plan or revised risk-based capital plan has no  
9 substantial adverse effect on the ability of the insurer to eliminate the  
10 regulatory action level event with respect to the insurer).

11 (b) In the event of a regulatory action level event the Commissioner shall:

12 (1) Require the insurer to prepare and submit a risk-based capital plan or,  
13 if applicable, a revised risk-based capital plan.

14 (2) Perform such examination or analysis, as the Commissioner deems  
15 necessary, of the assets, liabilities, and operations of the insurer,  
16 including a review of its risk-based capital plan or revised risk-based  
17 capital plan.

18 (3) After the examination or analysis, issue an order specifying such  
19 corrective actions as the Commissioner shall determine are required (a  
20 'Corrective Order').

21 (c) In determining corrective actions, the Commissioner may take into account  
22 such factors as are deemed relevant with respect to the insurer based upon the  
23 Commissioner's examination or analysis of the assets, liabilities, and operations of the  
24 insurer, including, but not limited to, the results of any sensitivity tests undertaken  
25 pursuant to risk-based capital instructions. The risk-based capital plan or revised risk-  
26 based capital plan shall be submitted:

27 (1) Within 45 days after the occurrence of the regulatory action level  
28 event;

29 (2) If the insurer challenges an adjusted risk-based capital report pursuant  
30 to G.S. 58-12-30 and the challenge is not in the judgment of the  
31 Commissioner frivolous, within 45 days after the notification to the  
32 insurer that the Commissioner has, after a hearing, rejected the  
33 insurer's challenge; or

34 (3) If the insurer challenges a revised risk-based capital plan under G.S.  
35 58-12-30, within 45 days after notification to the insurer that the  
36 Commissioner has rejected the challenge.

37 (d) The Commissioner may retain actuaries and investment experts and other  
38 consultants as may be necessary in the judgment of the Commissioner to review the  
39 insurer's risk-based capital plan or revised risk-based capital plan, examine or analyze  
40 the assets, liabilities, and operations of the insurer and formulate the Corrective Order  
41 with respect to the insurer. The fees, costs, and expenses relating to consultants shall be  
42 borne by the affected insurer or such other party as directed by the Commissioner.

43 **"§ 58-12-21. Authorized Control Level Event.**

44 (a) 'Authorized Control Level Event' means any of the following events:

- 1           (1)    The filing of a risk-based capital report by the insurer that indicates  
2                   that the insurer's total adjusted capital is greater than or equal to its  
3                   mandatory control level risk-based capital but less than its authorized  
4                   control level risk-based capital.
- 5           (2)    The notification by the Commissioner to the insurer of an adjusted  
6                   risk-based capital report that indicates the event in subdivision (1) of  
7                   this subsection if the insurer does not challenge the adjusted risk-based  
8                   capital report under G.S. 58-12-30.
- 9           (3)    If the insurer challenges an adjusted risk-based capital report that  
10                   indicates the event in subdivision (1) of this subsection under G.S. 58-  
11                   12-30, notification by the Commissioner to the insurer that the  
12                   Commissioner has rejected the challenge.
- 13           (4)    The failure of the insurer to respond, in a manner satisfactory to the  
14                   Commissioner, to a Corrective Order if the insurer has not challenged  
15                   the Corrective Order under G.S. 58-12-30.
- 16           (5)    If the insurer has challenged a Corrective Order under G.S. 58-12-30  
17                   and the Commissioner has rejected the challenge or modified the  
18                   Corrective Order, the failure of the insurer to respond, in a manner  
19                   satisfactory to the Commissioner, to the Corrective Order after the  
20                   rejection or modification by the Commissioner.

21       (b)    In the event of an authorized control level event with respect to an insurer, the  
22       Commissioner shall:

- 23           (1)    Take such actions as are required under G.S. 58-12-30 regarding an  
24                   insurer with respect to which a regulatory action level Event has  
25                   occurred; or
- 26           (2)    If the Commissioner deems it to be in the best interests of the  
27                   policyholders and creditors of the insurer and of the public, take such  
28                   actions as are necessary to cause the insurer to be placed under  
29                   regulatory control under Article 30 of this Chapter. If the  
30                   Commissioner takes such actions, the authorized control level event  
31                   shall be deemed sufficient grounds for the Commissioner to take  
32                   action under Article 30 of this Chapter, and the Commissioner shall  
33                   have the rights, powers, and duties with respect to the insurer as are set  
34                   forth in Article 30 of this Chapter. If the Commissioner takes actions  
35                   under this subdivision pursuant to an adjusted risk-based capital report,  
36                   the insurer shall be entitled to such protections as are afforded to  
37                   insurers under the provisions of Article 30 of this Chapter pertaining to  
38                   summary proceedings.

39       "**§ 58-12-25. Mandatory Control Level Event.**

40       (a)    'Mandatory Control Level Event' means any of the following events:

- 41           (1)    The filing of a risk-based capital report that indicates that the insurer's  
42                   total adjusted capital is less than its mandatory control level risk-based  
43                   capital.

1           (2) Notification by the Commissioner to the insurer of an adjusted risk-  
2 based capital report that indicates the event in subdivision (1) of this  
3 subsection if the insurer does not challenge the adjusted risk-based  
4 capital report under G.S. 58-12-30.

5           (3) If the insurer challenges an adjusted risk-based capital report that  
6 indicates the event in subdivision (1) of this subsection under G.S. 58-  
7 12-30, notification by the Commissioner to the insurer that the  
8 Commissioner has rejected the challenge.

9           (b) In the event of a Mandatory Control Level Event, the Commissioner shall  
10 take actions as are necessary to cause the insurer to be placed under regulatory control  
11 under Article 30 of this Chapter. The Mandatory Control Level Event is sufficient  
12 grounds for the Commissioner to take action under Article 30 of this Chapter, and the  
13 Commissioner shall have the rights, powers, and duties with respect to the insurer as are  
14 set forth in Article 30 of this Chapter. If the Commissioner takes actions pursuant to an  
15 adjusted risk-based capital report, the insurer shall be entitled to such protections as are  
16 afforded to insurers under the provisions of Article 30 of this Chapter pertaining to  
17 summary proceedings. Notwithstanding any of the foregoing, the Commissioner may  
18 forego action for up to 90 days after the Mandatory Control Level Event if the  
19 Commissioner finds there is a reasonable expectation that the Mandatory Control Level  
20 Event may be eliminated within the 90-day period.

21 **"§ 58-12-30. Hearings.**

22           Upon (i) notification to an insurer by the Commissioner of an adjusted risk-based  
23 capital report; or (ii) notification to an insurer by the Commissioner that the insurer's  
24 risk-based capital plan or revised risk-based capital plan is unsatisfactory, and the  
25 notification constitutes a regulatory action level Event with respect to the insurer; or (iii)  
26 notification to any insurer by the Commissioner that the insurer has failed to adhere to  
27 its risk-based capital plan or revised risk-based capital plan and that the failure has a  
28 substantial adverse effect on the ability of the insurer to eliminate the company action  
29 level event with respect to the insurer in accordance with its risk-based capital plan or  
30 revised risk-based capital plan; or (iv) notification to an insurer by the Commissioner of  
31 a Corrective Order with respect to the insurer, the insurer has a right to a hearing, at  
32 which the insurer may challenge any determination or action by the Commissioner. The  
33 insurer shall notify the Commissioner of its request for a hearing within five days after  
34 the notification by the Commissioner under this section. Upon receipt of the insurer's  
35 request for a hearing, the Commissioner shall set a date for the hearing, which date shall  
36 be no less than 10 days nor more than 30 days after the date of the insurer's request.

37 **"§ 58-12-35. Confidentiality and prohibition on announcements.**

38           (a) All risk-based capital reports, to the extent the information therein is not  
39 required to be set forth in a publicly available annual statement schedule, and the risk-  
40 based capital plans, including the results or report of any examination or analysis of an  
41 insurer performed pursuant hereto and any Corrective Order issued by the  
42 Commissioner pursuant to examination or analysis, with respect to any domestic insurer  
43 or foreign insurer that are filed with the Commissioner constitute information that shall  
44 be kept confidential by the Commissioner. This information shall not be made public or



1 be subject to subpoena, other than by the Commissioner, and then only for the purpose  
2 of enforcement actions taken by the Commissioner under this Article or any other  
3 provision of this Chapter.

4 (b) The General Assembly finds that the comparison of an insurer's total adjusted  
5 capital to any of its risk-based capital levels is a regulatory tool that may indicate the  
6 need for possible corrective action with respect to the insurer, and is not intended as a  
7 means to rank insurers generally. Therefore, except as otherwise required under this  
8 Article, the making, publishing, disseminating, circulating, or placing before the public,  
9 or causing, directly or indirectly, to be made, published, disseminated, circulated, or  
10 placed before the public, in a newspaper, magazine, or other publication, or in the form  
11 of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or  
12 in any other way, an advertisement, announcement, or statement containing an  
13 assertion, representation, or statement with regard to the risk-based capital levels of any  
14 insurer, or of any component derived in the calculation, by any insurer, agent, broker, or  
15 other person engaged in any manner in the insurance business is prohibited; provided,  
16 however, that if any materially false statement with respect to the comparison regarding  
17 an insurer's total adjusted capital to its risk-based capital levels (or any of them) or an  
18 inappropriate comparison of any other amount to the insurers' risk-based capital levels  
19 is published in any written publication and the insurer is able to demonstrate to the  
20 Commissioner with substantial proof the falsity of the statement, or the  
21 inappropriateness, as the case may be, then the insurer may publish an announcement in  
22 a written publication if the sole purpose of the announcement is to rebut the materially  
23 false statement.

24 **"§ 58-12-40. Supplemental provisions.**

25 The provisions of this Article are supplemental to any other provisions of the laws of  
26 this State, and do not preclude or limit any other powers or duties of the Commissioner  
27 under those laws, including Article 30 of this Chapter.

28 **"§ 58-12-45. Foreign insurers.**

29 (a) Any foreign insurer shall, upon written request of the Commissioner, submit  
30 to the Commissioner a risk-based capital report as of the end of the calendar year just  
31 ended the later of:

32 (1) The date a risk-based capital report would be required to be filed by a  
33 domestic insurer under this Article; or

34 (2) Fifteen days after the request is received by the foreign insurer.

35 Any foreign insurer shall, at the written request of the Commissioner, promptly submit  
36 to the Commissioner a copy of any risk-based capital plan that is filed with the  
37 insurance regulator of any other state.

38 (b) In the event of a company action level event or regulatory action level Event  
39 with respect to any foreign insurer as determined under the risk-based capital statute  
40 applicable in the state of domicile of the insurer or, if no risk-based capital provision is  
41 in force in that state, under the provisions of this Article; if the insurance regulator of  
42 the state of domicile of the foreign insurer fails to require the foreign insurer to file a  
43 risk-based capital plan in the manner specified under the risk-based capital statute or, if  
44 no risk-based capital provision is in force in that state, under G.S. 58-12-11, the

1 Commissioner may require the foreign insurer to file a risk-based capital plan with the  
2 Commissioner. In that event, the failure of the foreign insurer to file a risk-based  
3 capital plan with the Commissioner is grounds to order the insurer to cease and desist  
4 from writing new insurance business in this State.

5 (c) In the event of a Mandatory Control Level Event with respect to any foreign  
6 insurer, if no domiciliary receiver has been appointed with respect to the foreign insurer  
7 under the rehabilitation or liquidation statutes of the state or domicile of the foreign  
8 insurer, the Commissioner may make application to the Superior Court of Wake County  
9 as permitted under Article 30 of this Chapter with respect to the liquidation of property  
10 of foreign insurers found in this State; and the occurrence of the Mandatory Control  
11 Level Event is an adequate ground for the application.

12 **"§ 58-12-50. Notices.**

13 All notices by the Commissioner to an insurer that may result in regulatory action  
14 under this Article are effective upon dispatch if transmitted by registered or certified  
15 mail; or in the case of any other transmission are effective upon the insurer's receipt of  
16 the notice.

17 **"§ 58-12-55. Phase-in provision.**

18 For risk-based capital reports required to be filed with respect to 1994, the following  
19 requirements apply in lieu of the provisions of G.S. 58-12-11:

- 20 (1) In the event of a company action level event with respect to a domestic  
21 insurer, the Commissioner shall take no regulatory action hereunder.
- 22 (2) In the event of a regulatory action level Event under G.S. 58-12-  
23 16(a)(1), (2) or (3) the Commissioner shall take the actions required  
24 under G.S. 58-12-11.
- 25 (3) In the event of a regulatory action level Event under G.S. 58-12-  
26 16(a)(4), (5), (6), (7), (8), or (9) or an authorized control level event,  
27 the Commissioner shall take the actions required under G.S. 58-12-16  
28 with respect to the insurer.
- 29 (4) In the event of a Mandatory Control Level Event with respect to an  
30 insurer, the Commissioner shall take the actions required under G.S.  
31 58-12-21 with respect to the insurer."

32 Sec. 2. The heading of Article 12 of Chapter 58 of the General Statutes reads  
33 as rewritten:

34 **"ARTICLE 12.**

35 **~~"GUARANTY FUND FOR DOMESTIC COMPANIES.~~**

36 **"RISK-BASED CAPITAL REQUIREMENTS."**

37 Sec. 3. G.S. 58-12-1, 58-12-5, 58-12-10, 58-12-15, and 58-12-20 are  
38 repealed.

39 Sec. 4. This act becomes effective January 1, 1995.