

1 relationship of principal and agent exists, the premium may be paid by
2 the principal, by the principal and agents, jointly, or by the agents. If the
3 premium is paid by the employer and the employees jointly, or by the
4 principal and agents jointly, or by the employees, or by the agents, the
5 group shall be structured on an actuarially sound basis.

6 (1a) Under a policy issued to an association or to a trust or to the trustee or
7 trustees of a fund established, created, or maintained for the benefit of
8 members of one or more associations. The association or associations
9 shall have at the outset a minimum of 500 persons and shall have been
10 organized and maintained in good faith for purposes other than that of
11 obtaining insurance; shall have been in active existence for at least five
12 years; and shall have a constitution and bylaws that provide that (i) the
13 association or associations hold regular meetings not less than annually
14 to further purposes of the members; (ii) except for credit unions, the
15 association or associations collect dues or solicit contributions from
16 members; and (iii) the members, other than associate members, have
17 voting privileges and representation on the governing board and
18 committees. The policy is subject to the following requirements:

19 a. The policy may insure members of the association or
20 associations, employees of the association or associations, or
21 employees of members, or one or more of the preceding or all of
22 any class or classes for the benefit of persons other than the
23 employee's employer.

24 b. The premium for the policy shall be paid from funds contributed
25 by the association or associations, or by employer members, or
26 by both, or from funds contributed by the covered persons or
27 from both the covered persons and the association, associations,
28 or employer members.

29 c. Repealed by Session Laws 1997-259, s. 8.

30 (1b) Under a policy issued to a creditor as defined in G.S. 58-57-5 who shall
31 be deemed the policyholder, to insure debtors as defined in G.S. 58-57-5
32 of the creditor to provide indemnity for payments becoming due on a
33 specific loan or other credit transaction as defined in G.S. 58-51-100,
34 with or without insurance against death by accident, subject to the
35 following requirements:

36 a. The debtors eligible for insurance under the policy shall be all of
37 the debtors of the creditor whose indebtedness is repayable in
38 installments, or all of any class or classes thereof determined by
39 conditions pertaining to the indebtedness or to the purchase
40 giving rise to the indebtedness. The policy may provide that the
41 term "debtors" shall include the debtors of one or more subsidiary
42 corporations, and the debtors of one or more affiliated
43 corporations, proprietors or partnerships if the business of the

1 policyholder and of such affiliated corporations, proprietors or
2 partnerships is under common control through stock ownership,
3 contract or otherwise.

4 b. The premium for the policy shall be paid from the creditor's
5 funds, from charges collected from the insured debtors, or from
6 both. A policy on which part or all of the premium is to be
7 derived from the collection from the insured debtors or
8 identifiable charges not required of uninsured debtors shall not
9 include, in the class or classes of debtors eligible for insurance,
10 debtors under obligations outstanding at its date of issue without
11 evidence of individual insurability unless the group is structured
12 on an actuarially sound basis. A policy on which no part of the
13 premium is to be derived from the collection of such identifiable
14 charges must insure all eligible debtors, or all except any as to
15 whom evidence of individual insurability is not satisfactory to the
16 insurer.

17 c. The policy may be issued only if the group of eligible debtors is
18 then receiving new entrants at the rate of at least 100 persons
19 yearly, or may reasonably be expected to receive at least 100 new
20 entrants during the first policy year, and only if the policy
21 reserves to the insurer the right to require evidence of individual
22 insurability if less than seventy-five percent (75%) of the new
23 entrants become insured.

24 d. Premiums for this coverage shall be actuarially equivalent to the
25 rates authorized under Article 57 of Chapter 58 of the General
26 Statutes for credit accident and health insurance.

27 (2), (3) Repealed by Session Laws 1997-259, s. 8."

28 Section 2. This act is effective on and after July 1, 2000.