

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 562

Short Title: Ins. Fee Repeals and Increases.

(Public)

Sponsors: Senator Miller.

Referred to: Finance.

March 29, 1999

A BILL TO BE ENTITLED

1 AN ACT TO REPEAL FILING FEES, MISCELLANEOUS FEES, AND HMO
2 ANNUAL REPORT FEES COLLECTED BY THE DEPARTMENT OF
3 INSURANCE; TO INCREASE CERTAIN INSURANCE COMPANY LICENSE
4 RENEWAL FEES COLLECTED BY THE DEPARTMENT OF INSURANCE; TO
5 ALLOW MONEY CREDITED TO THE INSURANCE CONSUMER
6 PROTECTION FUND TO BE USED TO RETAIN EXPERTS FOR HEARINGS; TO
7 REQUIRE THAT MONEY RECOVERED FROM DELINQUENCY
8 PROCEEDINGS OR CIVIL ACTIONS AGAINST THE COMMISSIONER OF
9 INSURANCE BE CREDITED TO THE INSURANCE CONSUMER PROTECTION
10 FUND; AND TO MOVE THE EFFECTIVE DATE FROM 2000 TO 2001 FOR THE
11 LAW REQUIRING THE LICENSING OF THIRD PARTY ADMINISTRATORS
12 FOR EMPLOYERS THAT SELF-INSURE THEIR WORKERS' COMPENSATION
13 LIABILITIES.
14

15 The General Assembly of North Carolina enacts:

16 Section 1. G.S. 58-6-5 reads as rewritten:

17 "**§ 58-6-5. Schedule of fees and charges.**

18 (a) The Commissioner shall collect and pay into the ~~State treasury~~ General Fund
19 fees and charges as follows:

- 1 (1) For filing and examining an insurance company application for
2 ~~admission, licensing or for filing and examining a workers' compensation~~
3 ~~self-insurer's application for licensing, a nonrefundable fee of two~~
4 ~~hundred fifty dollars (\$250.00), to be submitted with such filing; for filing~~
5 ~~and auditing annual statement, one hundred dollars (\$100.00); for filing any~~
6 ~~other papers required by law, twenty five dollars (\$25.00); for each certificate~~
7 ~~of examination, condition, or qualification of company or association, fifteen~~
8 ~~dollars (\$15.00); for each seal when required, ten dollars (\$10.00); for a list of~~
9 ~~licensed insurance companies, ten dollars (\$10.00). the filing.~~
- 10 (2) Repealed by Session Laws 1977, c. 376, s. 2.
- 11 (3) ~~The Commissioner shall receive for copy of any record or paper in his~~
12 ~~office fifty cents (50¢) per copy sheet and ten dollars (\$10.00) for~~
13 ~~certifying same, or any fact or data from the records of his office and for~~
14 ~~the examination and approval of charters of companies, twenty five~~
15 ~~dollars (\$25.00). A charge of fifty cents (50¢) per sheet for a copy of~~
16 ~~any record or pages in the Commissioner's office.~~
- 17 (4) ~~He shall collect all All other fees and charges due and payable into the~~
18 ~~State treasury General Fund by any company, association, order, or~~
19 ~~individual under his Department. this Chapter.~~
- 20 (5) ~~The Commissioner shall charge and insurers shall pay, as a prerequisite~~
21 ~~to receipt and review by the Commissioner of filings of policy forms or~~
22 ~~rates, a fee of twenty dollars (\$20.00) per policy form filed and~~
23 ~~submitted for approval; a fee of twenty dollars (\$20.00) for each~~
24 ~~property or casualty rate filing submitted; and a fee of twenty dollars~~
25 ~~(\$20.00) for each life, accident, or health rate filing submitted. Payment~~
26 ~~of the fee shall be made at the time the form or rate filing is submitted.~~
27 ~~All fees are nonrefundable. If an insurer fails to pay the proper fee at the~~
28 ~~time of submittal, the Commissioner shall not be required to review the~~
29 ~~form or rate filed until the insurer remits the proper fee; and any~~
30 ~~statutory time periods relating to the filing shall be tolled until the~~
31 ~~insurer remits the proper fee. As used in this subdivision,~~
32 ~~"insurer" includes an entity subject to Articles 65 through 67 of this~~
33 ~~Chapter; any rating organization, advisory organization, joint~~
34 ~~underwriting association, or joint reinsurance organization subject to~~
35 ~~Articles 1 through 64 of this Chapter; and the North Carolina Rate~~
36 ~~Bureau and the North Carolina Motor Vehicle Reinsurance Facility. As~~
37 ~~used in this subdivision, "policy form" includes an application form, a~~
38 ~~declarations page, a policy jacket, a policy or contract of insurance, or~~
39 ~~an endorsement, rider, or any amendment to a policy form that has~~
40 ~~already been approved by the Commissioner; provided that an initial~~
41 ~~policy filing made by an insurer shall constitute one policy form.~~
- 42 (b) All fees and charges collected by the Commissioner under this Chapter are
43 nonrefundable."

1 Section 2. G.S. 58-6-7 reads as rewritten:

2 **"§ 58-6-7. Annual license fees for insurance companies.**

3 (a) ~~As a condition precedent to doing~~ In order to do business in this State, an
4 insurance company ~~must~~ shall apply for and obtain a license from the Commissioner of
5 ~~Insurance~~ by March 1 of each year. The license shall become effective the following July
6 1 and shall remain in effect for one year. Except as provided in ~~subsections (b) and (c)~~
7 subsection (b) of this section, the insurance company shall pay an annual fee for the
8 license as follows:

9 For each domestic farmer's mutual assessment fire
10 insurance company \$ 25.00

11 For each fraternal order 100.00

12 For each of all other insurance companies, except
13 mutual burial associations taxed under G.S.
14 105-121.1 ~~500.00~~ 1,000.00

15 The fees levied in this subsection ~~shall be~~ are in addition to those specified in G.S. 58-
16 6-5.

17 (b) When the paid-in capital stock ~~and/or surplus or surplus, or both,~~ of an
18 insurance ~~company~~ company, other than a farmer's mutual assessment company or a
19 fraternal ~~order~~ order, does not exceed one hundred thousand dollars (\$100,000), the fee
20 levied in this section shall be ~~one-half~~ one-half the amount ~~above~~ specified.

21 (c) ~~Upon payment of the fee specified above and the fees and taxes elsewhere~~
22 ~~specified each insurance company, exchange, bureau, or agency, shall be entitled to do~~
23 ~~the types of business specified in Chapter 58, of the General Statutes of North Carolina as~~
24 ~~amended, to the extent authorized therein, except that: Insurance companies authorized to~~
25 ~~do either the types of business specified for (i) life insurance companies, or (ii) for fire~~
26 ~~and marine companies, or (iii) for casualty and fidelity and surety companies, in G.S. 58-~~
27 ~~7-75, which shall also do the types of business authorized in one or both of the other of~~
28 ~~the above classifications shall in addition to the fees above specified pay one hundred~~
29 ~~dollars (\$100.00) for each such additional classification of business done.~~

30 (d) Any rating bureau established by action of the General Assembly of North
31 Carolina shall be exempt from the fees ~~above levied~~ in this section."

32 Section 3. G.S. 58-22-70 reads as rewritten:

33 **"§ 58-22-70. Registration and renewal fees.**

34 Every risk retention group and purchasing group that registers with the Commissioner
35 under this Article shall pay the following fees:

36 Risk retention group registration \$250.00

37 Purchasing group registration 50.00

38 Risk retention group renewal ~~500.00~~ 1,000.00

39 Purchasing group renewal 50.00

40 Registration fees ~~are nonrefundable~~, shall not be ~~prorated~~, prorated and must be
41 submitted with the application for registration. Renewal fees ~~are nonrefundable~~, shall not
42 be ~~prorated~~, prorated and shall be paid on or before January 1 of each year."

43 Section 4. G.S. 58-27-10 reads as rewritten:

1 **"§ 58-27-10. Licenses.**

2 Any domestic land mortgage company, or title insurance company, wishing to do
3 business under the provisions of this Article upon making written application and
4 submitting proof satisfactory to the Commissioner that its business, capital and other
5 qualifications comply with the provisions of this Article, upon paying to the
6 Commissioner, the sum of five hundred dollars (\$500.00) as a license fee and all other
7 fees assessed against such company may be licensed to do business in this State under the
8 provisions of this Article until the first day of the following July, and may have its license
9 renewed for each year thereafter so long as it complies with the provisions of this Article
10 and such rules adopted by the Commissioner. For each such renewal such company shall
11 pay to the Commissioner the sum of ~~five hundred dollars (\$500.00)~~, one thousand dollars
12 (\$1,000), and all other fees assessed against such company and such renewal shall
13 continue in force and effect until a new license be issued or specifically refused, unless
14 revoked for good cause. The Commissioner, or any person appointed by him, shall have
15 the power and authority to make such rules and regulations and examinations not
16 inconsistent with the provisions of this Article, as may be in his discretion necessary or
17 proper to enforce the provisions hereof and secure compliance with the terms of this
18 Article. For any examination made hereunder the Commissioner shall charge the land
19 mortgage companies or title insurance companies examined with the actual expense of
20 such examination."

21 Section 5. G.S. 58-65-55 reads as rewritten:

22 **"§ 58-65-55. Issuance of certificate.**

23 Before issuing any such license or certificate the Commissioner may make such an
24 examination or investigation as ~~he~~ the Commissioner deems expedient. The
25 Commissioner shall issue a certificate of authority or license upon the payment of an
26 annual fee of ~~five hundred dollars (\$500.00)~~ one thousand dollars (\$1,000) and upon being
27 satisfied on the following points:

- 28 (1) The applicant is established as a bona fide nonprofit hospital service
29 corporation as defined by this Article and Article 66 of this Chapter.
30 (2) The rates charged and benefits to be provided are fair and reasonable.
31 (3) The amounts provided as working capital of the corporation are
32 repayable only out of earned income in excess of amounts paid and
33 payable for operating expenses and hospital and medical and/or dental
34 expenses and such reserve as the Department deems adequate, as
35 provided hereinafter.
36 (4) That the amount of money actually available for working capital be
37 sufficient to carry all acquisition costs and operating expenses for a
38 reasonable period of time from the date of the issuance of the
39 certificate."

40 Section 6. G.S. 58-67-160 reads as rewritten:

41 **"§ 58-67-160. Fees.**

42 Every health maintenance organization subject to this Article shall pay to the
43 Commissioner ~~the following fees:~~ a fee of two hundred fifty dollars (\$250.00) for filing an

1 application for a license and a fee of one thousand dollars (\$1,000) for each license
2 renewal.

3 ~~(1) For filing an application for a certificate of authority, two hundred fifty~~
4 ~~dollars (\$250.00); for each renewal thereof, five hundred dollars~~
5 ~~(\$500.00);~~

6 ~~(2) For filing each annual report, one hundred dollars (\$100.00)."~~

7 Section 7. G.S. 58-2-215 reads as rewritten:

8 **"§ 58-2-215. Consumer Protection Fund.**

9 (a) A special fund is created in the Office of the State Treasurer, to be known as
10 the Department of Insurance Consumer Protection Fund. The Fund shall be placed in an
11 interest bearing account and any interest or other income derived from the Fund shall be
12 credited to the Fund. Moneys in the Fund shall only be spent pursuant to warrants drawn
13 by the Commissioner on the Fund through the State Treasurer. The Fund shall be subject
14 to the provisions of the Executive Budget Act; except that the provisions of Article 3C of
15 Chapter 143 of the General Statutes do not apply to subdivision (b)(1) of this section.

16 (b) All moneys credited to the Fund shall be used only to pay the following
17 expenses incurred by the Department:

18 (1) For the purpose of retaining outside actuarial and economic consultants,
19 legal counsel, and court reporting services in the review and analysis of
20 rate filings, in conducting all hearings, and through any final
21 adjudication.

22 (1a) For the purpose of retaining meteorologists, statisticians, and other
23 kinds of professionals and experts needed to analyze or respond to
24 averments, testimony, allegations, or other statements made by other
25 experts or professionals in a rate-making matter or to analyze evidence
26 or exhibits filed or offered by an opposing party in a rate-making matter.

27 (2) In connection with any delinquency proceeding under Article 30 of this
28 Chapter, for the purpose of locating and recovering the assets of or any
29 other obligations or liabilities owed to or due an insurer that has been
30 placed under such proceeding.

31 (3) In connection with any civil litigation, other than under Chapter 150B of
32 the General Statutes or any appeal from an order of the Commissioner
33 or his deputies, that is commenced against the Commissioner or his
34 deputies and that arises out of the performance of their official duties,
35 for the purpose of retaining outside consultants, legal counsel, and court
36 reporting services to defend such litigation.

37 (c) Moneys appropriated by the General Assembly shall be deposited in the Fund
38 and shall become a part of the continuation budget of the Department of Insurance. Such
39 continuation budget amount shall equal the actual expenditures drawn from the Fund
40 during the prior fiscal year plus the official inflation rate designated by the Director of the
41 Budget in the preparation of the State Budget for each ensuing fiscal year; provided that
42 if interest income on the Fund exceeds the amount yielded by the application of the
43 official inflation rate, such continuation budget amount shall be the actual expenditures

1 drawn from the Fund, except that the appropriation for the 1995-96 fiscal year shall not
2 exceed the sum of seven hundred fifty thousand dollars (\$750,000) and for the 1996-97
3 fiscal year shall not exceed the sum of two hundred fifty thousand dollars (\$250,000). In
4 the event the amount in the Fund exceeds two hundred fifty thousand dollars (\$250,000)
5 at the end of any fiscal year, beginning with the 1995-96 fiscal year, such excess shall
6 revert to the General Fund.

7 (d) Repealed by Session Laws 1995, c. 507, s. 11A(b).

8 (e) From any moneys received as recoveries by the estate of an insurer that is the
9 subject of a delinquency proceeding as to which expenses have been incurred under
10 subdivision (2) of subsection (b) of this section, there shall be credited to the Fund from
11 the estate any amounts drawn from the Fund to pay the expenses incurred under
12 subdivision (2) of subsection (b) of this section in connection with that estate. From any
13 moneys received as recoveries of counterclaims, cross-claims, or any other action in
14 connection with litigation under subdivision (3) of subsection (b) of this section, there
15 shall be credited to the Fund any amounts drawn from the Fund to pay the expenses
16 incurred under subdivision (3) of subsection (b) of this section."

17 Section 8. Section 58(b) of S.L. 1998-217 reads as rewritten:

18 "(b) This section becomes effective January 1, ~~2000~~.2002."

19 Section 9. This act becomes effective July 1, 1999.