

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 350*

Short Title: Gramm-Leach-Bliley Act Requirements-AB. (Public)

Sponsors: Representatives Hurley and Dockham (Primary Sponsors).

Referred to: Insurance.

March 1, 2001

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE COMMISSIONER OF INSURANCE TO SHARE
2 WITH THE FEDERAL AND STATE FINANCIAL INSTITUTION
3 REGULATORS INFORMATION ABOUT INSURANCE COMPANIES THAT
4 ARE AFFILIATES OF DEPOSITORY INSTITUTIONS OR OF FINANCIAL
5 HOLDING COMPANIES; TO AMEND THE INSURANCE HOLDING
6 COMPANY ACT AND AN INSURANCE COMPANY INVESTMENT STATUTE
7 TO COMPLY WITH FEDERAL LAW, IN ACCORDANCE WITH THE
8 FEDERAL GRAMM-LEACH-BLILEY ACT, PUBLIC LAW 106-102.
9

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** Article 2 of Chapter 58 of the General Statutes is amended by
12 adding a new section to read:

13 **"§ 58-2-128. Interagency consultation.**

14 (a) Purpose. -- It is the stated intention of the Congress in P.L. 106-102, the
15 Gramm-Leach-Bliley Act, that the Board of Governors of the Federal Reserve System,
16 as the umbrella supervisor for financial holding companies, and the Commissioner, as
17 the functional regulator of persons engaged in insurance activities, coordinate efforts to
18 supervise persons that control both a depository institution and a person engaged in
19 insurance activities regulated under State law. In particular, Congress believes that the
20 Board and the Commissioner should share, on a confidential basis, information relevant
21 to the supervision of persons that control both a depository institution and a person
22 engaged in insurance activities, including information regarding the financial health of
23 the consolidated organization and information regarding transactions and relationships
24 between persons engaged in insurance activities and affiliated depository institutions.
25 The purpose of this section is to encourage this coordination and confidential sharing of
26 information and to thereby improve both the efficiency and the quality of the
27 supervision of financial holding companies and their affiliated depository institutions
28 and persons engaged in insurance activities.

1 (b) Commissioner's Authority. -- Upon the request of the Board or the
2 appropriate federal banking agency, the North Carolina Secretary of State, or the North
3 Carolina Commissioner of Banks, the Commissioner may provide any examination or
4 other reports, records, or other information to which the Commissioner has access with
5 respect to a person that:

6 (1) Is engaged in insurance activities and regulated by the Commissioner.

7 (2) Is an affiliate of a depository institution or financial holding company.

8 Upon the request of the Board or the appropriate federal banking agency, the North
9 Carolina Secretary of State, or the North Carolina Commissioner of Banks, the
10 Commissioner may provide any examination or other reports, records, or other
11 information to which the Commissioner has access with respect to any insurance
12 producer.

13 (c) Privilege. -- The provision of information or material under this section by
14 the Commissioner does not constitute a waiver of, or otherwise affect, any privilege to
15 which the information or material is otherwise subject.

16 (d) Definitions. -- As used in this section, the terms:

17 (1) "Appropriate federal banking agency" and "depository institution"
18 have the same meanings as in section 3 of the Federal Deposit
19 Insurance Act, 12 U.S.C. § 1813.

20 (2) "Board" and "financial holding company" have the same meanings as
21 in section 2 of the Bank Holding Company Act of 1956, 12 U.S.C.
22 § 1841, et seq.

23 (3) "Insurance producer" or "producer" means a person required to be
24 licensed under this Article to sell, solicit, or negotiate insurance.
25 "Insurance producer" or "producer" includes an agent, a broker, and a
26 limited representative."

27 **SECTION 2.** Article 19 of Chapter 58 of the General Statutes is amended by
28 adding a new section to read:

29 **§ 58-19-2. Compliance with federal law.**

30 (a) As used in this section, "depository institution" has the same meaning as in
31 section 3 of the Federal Deposit Insurance Act, 12 U.S.C. § 1813, and includes any
32 foreign bank that maintains a branch, an agency, or a commercial lending company in
33 the United States.

34 (b) With respect to affiliations between a depository institution or any affiliate of
35 a depository institution and any insurer, the provisions of section 104(c) of the Gramm-
36 Leach-Bliley Act, P.L. 106-102, shall apply to this Article."

37 **SECTION 3.** G.S.58-7-170(b)(1) reads as rewritten:

38 "(1) The cost of investments made by insurers in stock authorized by G.S.
39 58-7-173 shall not exceed twenty-five percent (25%) of the insurer's
40 admitted assets, provided that no more than twenty percent (20%) of
41 the insurer's admitted assets shall be invested in common stock; and
42 the cost of an investment in stock of any one corporation shall not
43 exceed three percent (3%) of the insurer's admitted assets.
44 Notwithstanding any other provision in this Chapter, the financial

1 statement carrying value of all stock investments shall be used for the
2 purpose of determining the asset value against which the percentage
3 limitations are to be applied. Investments in the voting securities of a
4 depository institution, or any company that controls a depository
5 institution, shall not exceed five percent (5%) of the insurer's admitted
6 assets. As used in this subdivision, "depository institution" has the
7 same meaning as in section 3 of the Federal Deposit Insurance Act, 12
8 U.S.C. § 1813; and includes any foreign bank that maintains a branch,
9 an agency, or a commercial lending company in the United States."

10 **SECTION 4.** This act is effective when it becomes law.