

Article 46.

Fair Access to Insurance Requirements.

§ 58-46-1. Purpose and geographic coverage of Article.

(a) It is the purpose of this Article to provide a program whereby adequate basic property insurance may be made available to property owners having insurable property in the State. It is further the purpose of this Article to encourage the improvement of properties located in the State and to arrest the decline of properties located in the State. It is the intent of the General Assembly in creating and, from time to time, amending this Article that the market provided by this Article not be the first market of choice, but the market of last resort.

(b) This Article shall apply to all geographic areas of the State except the "Beach Area" defined in G.S. 58-45-5(2).

(c) As used in this Article, "crime insurance" means insurance against losses resulting from robbery, burglary, larceny, and similar crimes, as more specifically defined and limited in the various crime insurance policies, or their successor forms of coverage, approved by the Commissioner and issued by the Association. Such policies shall not be more restrictive than those issued under the Federal Crime Insurance Program authorized by Public Law 91-609. (1969, c. 1284; 1985, c. 519, s. 1; 1986, Ex. Sess., c. 7, s. 4; 1985 (Reg. Sess., 1986), c. 1027, s. 24; 1987, c. 731, s. 1; 1987 (Reg. Sess., 1988), c. 975, s. 18; 1997-498, s. 10.)

§ 58-46-2. Persons who can be insured by the Association.

As used in this Article, "person" includes the State of North Carolina and any county, city, or other political subdivision of the State of North Carolina. (2000-122, s. 6; 2002-187, s. 1.5.)

§ 58-46-5. Organization of underwriting association.

All insurers licensed to write and writing property insurance in this State on a direct basis are authorized, subject to the approval and regulation by the Commissioner, to establish and maintain a FAIR Plan (Fair Access to Insurance Requirements) and to establish and maintain an underwriting association and to formulate, and from time to time, to amend the plans and articles of the association and rules and regulations in connection therewith, and to assess and share on a fair and equitable basis all expenses, income and losses incident to such FAIR Plan and underwriting association in a manner consistent with the provisions of this Article. (1969, c. 1284; 1985, c. 519, s. 2.)

§ 58-46-10. Participation in association.

(a) Every insurer authorized to write basic property insurance in this State except town and county mutual insurance associations and assessable mutual companies as authorized by G.S. 58-7-75(5)b, 58-7-75(5)d and 58-7-75(7)b and except an insurer who only writes insurance on property exempted from taxation by the provisions of G.S. 105-278.1 through 105-278.8 shall be required to become and remain a member of the Plan and underwriting association and comply with the requirements thereof as a condition of its authority to transact basic property insurance business in the State of North Carolina.

(b) An insurance producer who is licensed under Article 33 of this Chapter and is appointed as an agent of a company which is a member of the Association established under this Article shall not be deemed an agent of the Association. (1969, c. 1284; 1971, c. 1067, s. 1; 1985, c. 519, s. 3; 1987, c. 629, s. 12; 1991, c. 720, s. 24; 2022-46, s. 14(nnn).)

§ 58-46-15. Requirements of Plan and authority of Association.

The Association formed pursuant to the provisions of this Article shall have authority on behalf of its members to cause to be issued basic property insurance policies, including coverage for farm risks; and shall offer additional extended coverage, optional perils endorsements, and crime insurance policies, or their successor forms of coverage; to reinsure in whole or in part, any such policies; and to cede any such reinsurance. The Plan adopted, pursuant to the provision of this Article, shall provide, among other things, for the perils to be covered, compensation and commissions, assessments of members, the sharing of expenses, income and losses on an equitable basis, cumulative weighted voting for the board of directors of the Association, the administration of the Plan and Association and any other matter necessary or convenient for the purpose of assuring fair access to insurance requirements. The directors of the Association may, subject to the approval of the Commissioner, amend the plan of operation at any time. The Commissioner may review the plan of operation at any time he deems to be expedient or prudent, but not less than once in each calendar year. After review of such plan the Commissioner may amend the plan after consultation with the directors and upon certification to the directors of such amendment. (1969, c. 1284; 1985, c. 519, s. 4; 1986, Ex. Sess., c. 7, ss. 5, 6; 1985 (Reg. Sess., 1986), c. 1027, s. 23; 1987, c. 864, s. 24; 1987 (Reg. Sess., 1988), c. 975, ss. 25, 29.)

§ 58-46-20. Authority of Commissioner.

(a) Within 90 days following July 2, 1969, and before August 1, 1969, the directors of the association shall submit to the Commissioner for his review, a proposed FAIR Plan and articles of the association consistent with the provisions of this Article.

(b) The FAIR Plan and articles of association shall be subject to approval by the Commissioner and shall take effect 10 days after having been approved by him. If the Commissioner disapproves all or any part of the proposed Plan and articles, the directors of the association shall within 30 days submit for review an appropriately revised Plan and articles and if the directors fail to do so, the Commissioner shall thereafter promulgate such Plan and articles not inconsistent with the provisions of this Article.

(c) The Commissioner may designate the kinds of property insurance policies on principal residences to be offered by the association, including insurance policies under Article 36 of this Chapter, and the commission rates to be paid to insurance producers for these policies, if he finds, after a hearing held in accordance with G.S. 58-2-50, that the public interest requires the designation. The provisions of Chapter 150B do not apply to any procedure under this subsection, except that G.S. 150B-39 and G.S. 150B-41 shall apply to a hearing under this subsection. Within 30 days after the receipt of notification from the Commissioner of a change in designation pursuant to this subsection, the association shall submit a revised plan and articles of association for approval in accordance with subsection (b) of this section.

(d) As used in this section and in G.S. 58-46-15, "FAIR Plan", "plan of operation", and "articles of association" include all written rules, practices, and procedures of the Association, except for staffing and personnel matters. (1969, c. 1284; 1986, Ex. Sess., c. 7, s. 7; 1987, c. 731, s. 1; 1991, c. 720, s. 4; 1991 (Reg. Sess., 1992), c. 784, s. 6; 2022-46, s. 14(ooo).)

§ 58-46-25. Temporary directors of association.

Within 10 days after July 2, 1969, the Commissioner shall appoint a temporary board of directors of the association, which temporary board of directors may prepare and submit a Plan of operation and articles of association in accordance with G.S. 58-46-20. (1969, c. 1284.)

§ 58-46-30. Appeals; judicial review.

The association shall provide reasonable means, to be approved by the Commissioner, whereby any person or insurer affected by any act or decision of the administrators of the Plan or underwriting association, other than an act or decision relating to the cause or amount of a claimed loss, may be heard in person or by an authorized representative, before the governing board of the association or a designated committee. Any person or insurer aggrieved by any decision of the governing board or designated committee, may be appealed to the Commissioner within 30 days after the date of the ruling or decision. The Commissioner, after a hearing held under rules adopted by the Commissioner, shall issue an order approving or disapproving the act or decision with respect to the matter that is the subject of appeal. The Commissioner may appoint a member of the Commissioner's staff as deputy commissioner for the purpose of hearing the appeals and a ruling based on the hearing has the same effect as if heard by the Commissioner. All persons or insurers or their representatives aggrieved by any order or decision of the Commissioner may appeal as provided in G.S. 58-2-75.

No later than 10 days before each hearing, the appellant shall file with the Commissioner or the designated hearing officer and shall serve on the appellee a written statement of the appellant's case and any evidence that the appellant intends to offer at the hearing. No later than five days before the hearing, the appellee shall file with the Commissioner or the designated hearing officer and shall serve on the appellant a written statement of the appellee's case and any evidence that the appellee intends to offer at the hearing. Each hearing shall be recorded and may be transcribed. If the matter is between an insurer and the Association, the cost of the recording and transcribing shall be borne equally by the appellant and appellee; provided that upon any final adjudication the prevailing party shall be reimbursed for his share of such costs by the other party. If the matter is between an insured and the Association, the cost of transcribing shall be borne equally by the appellant and appellee; provided that the Commissioner may order the Association to pay recording or transcribing costs for which the insured is financially unable to pay. Each party shall, on a date determined by the Commissioner or the designated hearing officer, but not sooner than 15 days after delivery of the completed transcript to the party, submit to the Commissioner or the designated hearing officer and serve on the other party, a proposed order. The Commissioner or the designated hearing officer shall then issue an order. (1969, c. 1284; 1985, c. 519, s. 5; 1989 (Reg. Sess., 1990), c. 1069, s. 19; 1999-219, s. 1.3.)

§ 58-46-35. Reports of inspection made available; immunity from liability.

All reports of inspection performed by or on behalf of the association shall be made available to the members of the association, applicants and the Commissioner. There shall be no liability on the part of and no cause of action of any nature shall arise against any member insurer, the Association or its agents or employees, the board of directors, or the Commissioner or his representatives for any action taken by them in good faith in the performance of their powers and duties under this Article. (1969, c. 1284; 1999-114, s. 6.)

§ 58-46-40. Assessment; inability to pay.

In the event any insurer fails by reason of insolvency to pay any assessment as provided herein, the amount assessed each insurer shall be immediately recalculated excluding therefrom the insolvent insurer so that its assessment is, in effect, assumed and redistributed among the remaining insurers. Such an assessment against an insolvent insurer shall not be a charge against

any special deposit fund held under the provisions of Article 5 of this Chapter for the benefit of policyholders. (1969, c. 1284; 1985, c. 519, s. 7; 1991, c. 720, s. 26.)

§ 58-46-41. Unearned premium, loss, and loss expense reserves.

The Association shall make provisions for reserving unearned premiums and reserving for losses, including incurred but not reported losses, and loss expenses, in accordance with G.S. 58-3-71, 58-3-75, and 58-3-81. (2002-185, s. 5.2.)

§ 58-46-45. Premium taxes to be paid through Association.

All premium taxes due on insurance written under this Article shall be remitted by each insurer to the Association; and the Association, as collecting agent for its member companies, shall forward all such taxes to the Secretary of Revenue as provided in Article 8B of Chapter 105 of the General Statutes. (1985 (Reg. Sess., 1986), c. 928, s. 10; 1995 (Reg. Sess., 1996), c. 747, s. 13.)

§ 58-46-50. Annual reports.

On or before January 1 of each year the association shall file with the Commissioner a statement that summarizes the transactions, conditions, operations, and affairs of the association during the preceding year. The statement shall contain such matters and information as are prescribed by the Commissioner and shall be in such form as is approved by him. The Commissioner may at any time require the association to furnish him with any additional information with respect to its transactions or any other matter that the Commissioner deems to be material to assist him in evaluating the operation and experience of the association. (1987 (Reg. Sess., 1988), c. 975, s. 26.)

§ 58-46-55. Rates, rating plans, rating rules, and forms applicable.

The rates, rating plans, rating rules, and forms applicable to the insurance written by the association shall be in accordance with the most recent manual rates or adjusted loss costs and forms that are legally in effect in this State. (1987 (Reg. Sess., 1988), c. 975, s. 28; 1991 (Reg. Sess., 1992), c. 784, s. 3; 2009-472, s. 6.)

§ 58-46-60. Open meetings.

The Association is subject to the Open Meetings Act, Article 33C of Chapter 143 of the General Statutes, as amended. (2002-185, s. 7.2.)