

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL DRS35120-NE-4B

Short Title: Insurance Technical Changes. (Public)

Sponsors: Senator Johnson (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT REVISING THE VERIFICATION OBLIGATIONS OF AN INSURER AND ITS
3 AGENT WITH RESPECT TO RATE EVASION FRAUD; RECODIFYING
4 CERTIFICATE OF INSURANCE PROVISIONS; AND ESTABLISHING A CIVIL
5 PENALTY FOR THE FRAUDULENT PREPARATION, ISSUANCE, REQUESTING, OR
6 REQUIREMENT OF A CERTIFICATE OF INSURANCE.

7 The General Assembly of North Carolina enacts:

8 SECTION 1. G.S. 58-2-164(c) reads as rewritten:

9 "(c) The insurer and its agent shall also take reasonable steps to verify that the information
10 provided by an applicant regarding the applicant's address and the place the motor vehicle is
11 garaged is correct. The insurer may take its own reasonable steps to verify residency or eligible
12 risk status or may rely upon the agent verification of residency or eligible risk status to meet the
13 insurer's verification obligations under this section. The agent shall retain copies of any items
14 obtained under this section as required under the record retention rules adopted by the
15 Commissioner and in accordance with G.S. 58-2-185. The insurer and its agent may satisfy the
16 requirements of this section ~~by~~ by, within 30 days of coverage binding, obtaining from the
17 applicant reliable proof of North Carolina residency and the applicant's status as an eligible risk.

18 (c1) To the extent relevant to a particular criterion for eligible risk status and for the
19 purpose of obtaining nonfleet private passenger motor vehicle insurance, reliable proof of North
20 Carolina residency or eligible risk status includes one or more of the following:

21 ...

22 (2) A utility bill in the name of the applicant showing the applicant's current North
23 Carolina ~~address~~ address, including, but not limited to, a utility bill accessed
24 electronically by the applicant in the presence of the insurer or its agent.

25 ...

26 (c2) To the extent relevant to a particular criterion for eligible risk status and for the
27 purpose of obtaining other than nonfleet private passenger motor vehicle insurance, reliable proof
28 of North Carolina residency or eligible risk status includes two or more of the following:

29 (1) A utility bill in the name of the applicant showing a North Carolina address
30 for the principal place of business of the ~~applicant~~ applicant, including, but
31 not limited to, a utility bill accessed electronically by the applicant in the
32 presence of the insurer or its agent.

33"

34 SECTION 2. Subsections (d), (e), (f), and (g) of G.S. 58-3-150 (Forms to be
35 approved by Commissioner) are recodified as subsections (a), (b), (c), and (e) respectively, of
36 G.S. 58-3-149. G.S. 58-3-149, as created by this section, reads as rewritten:



1 **"§ 58-3-149. Certificates of insurance.**

2 (a) ~~As used in this section, "certificate of insurance" means a~~ For the purposes of this
3 section, the following definitions apply:

4 (1) Certificate of insurance. – A document prepared or issued by an insurance
5 company or producer that is used to verify or evidence the existence of
6 property or casualty insurance ~~coverage.~~ "Certificate" or "certificate of
7 insurance" coverage, including a document submitted or created
8 electronically. Certificate of Insurance shall not include a document prepared
9 or issued by an insurance company or producer that is used to verify or
10 evidence the existence of property insurance provided to a lender covering
11 real or personal property which serves as the lender's security for commercial
12 mortgages. ~~For purposes of this section, "commercial mortgages" shall mean~~
13 ~~mortgages~~

14 (2) Commercial mortgages. – Mortgages or other instruments given for the
15 purpose of creating a lien encumbering office, multiunit residential,
16 apartments, commercial, or industrial properties. Commercial mortgages shall
17 not include a lien encumbering one- to four-family residential properties.

18 ...

19 (c) It is unlawful for any person to knowingly prepare, issue, request, or require a
20 certificate of insurance that meets any of the following criteria:

21 (1) Has not been filed with and approved by the Commissioner.

22 (2) Contains any false or misleading information concerning the policy of
23 insurance to which the certificate of insurance makes reference.

24 (3) Purports to alter, amend, or extend the coverage provided by the policy of
25 insurance to which the certificate of insurance makes reference.

26 (d) Any person who prepares, issues, requests, or requires a certificate of insurance that
27 meets the criteria of subdivision (2) or (3) of subsection (c) of this section is subject to a civil
28 penalty of up to five thousand dollars (\$5,000). The clear proceeds of the penalty shall be remitted
29 to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. Payment of the
30 civil penalty under this section shall be in addition to payment of any other penalty for a violation
31 of the criminal laws of this State."

32 **SECTION 3.** This act becomes effective October 1, 2021.