11 NCAC 14 .0507 is adopted under temporary procedures with changes as follows:

CHAPTER 14 - ADMISSION REQUIREMENTS

SECTION .0500 - ADMISSION OF A FOREIGN OR ALIEN INSURANCE COMPANY

11 NCAC 14 .0507 FOREIGN COMPANY MUST HAVE CONDUCTED SUCCESSFUL BUSINESS

(a) In order to be eligible to do business in North Carolina pursuant to G.S. 58-16-5(2)(a), a foreign insurance ~~companies~~ company shall have profitable operations ~~writing the same or similar lines of business as being requested~~ in the same lines of business it proposes to transact in North Carolina for three consecutive years immediately preceding the date of application for admission and ~~must~~ shall continue to reflect profitable operations throughout the admission process.

(b) For purposes of this section, the term "profitable operations" ~~as reflected in the statement of financial condition filed with the Commissioner pursuant to G.S. 58-16-5(1) generally corresponds to "net underwriting gain" as reported on the National Association of Insurance Commissioners (NAIC) Health and Property/Casualty Annual Statement Blank, "net operating gain" as reported on the NAIC Title Annual Statement Blank, and "net gain from operations before dividends to policyholders, refunds to members and federal income taxes" as reported on the NAIC Life Annual Statement Blank.~~ means a positive amount in the following line items as reflected in the statement of financial condition filed with the Commissioner pursuant to G.S. 58-16-5(1):

(1) "net underwriting gain" as reported on the National Association of Insurance Commissioners (NAIC) Health and Property/Casualty Annual Statement Blank;

(2) "net operating gain" as reported on the NAIC Title Annual Statement Blank; and

(3) "net gain from operations before dividends to policyholders, refunds to members and federal income taxes" as reported on the NAIC Life Annual Statement Blank.

History Note: *Authority S.L. 2026-48, s.66.(c); G.S. 58-2-40;~~58-16-5(2);~~ 58-2-165; 58-16-5;*
Temporary Adoption Eff. December 1, 2026.

11 NCAC 14 .0508 is adopted under temporary procedures with changes as follows:

11 NCAC 14 .0508 WAIVERS OF THREE YEAR PROFITABLE OPERATIONS REQUIREMENT

(a) If a foreign insurance company meets all other ~~requirements for~~ admission requirements under G.S. 58-16-5, the Commissioner may waive the ~~requirement for~~ three ~~consecutive years of~~ year profitable operations requirement under Rule .0507 after considering mitigating factors, including, but not limited to, the following:

(1) ~~The~~ the foreign insurance company's surplus strength in relation to the business plan and financial forecast as provided with the application for admission;

(2) ~~The~~ the financial strength of a parent or affiliate insurer licensed in North Carolina, including the parent or affiliate insurer's North Carolina license duration, profitable operations, volume of consumer complaints, and market conduct examination findings;

(3) ~~The~~ the financial strength of the insurance holding company system, as defined in G.S. 58-19-5; and

(4) ~~A~~ a demonstrated market need for the lines of business to be offered in North Carolina.

(b) A foreign insurance company seeking a waiver as described in Paragraph (a) of this Rule shall provide additional information as part of its application for admission, including:

(1) ~~An~~ an audited financial statement for the most recent fiscal year end for the ultimate controlling person, as defined in G.S. 58-19-5, and any other affiliated entities that will have an obligation to ensure continued financial support of the foreign insurance company;

(2) ~~A~~ a copy of any guaranty agreements or capital maintenance agreements that exist between the foreign insurance company and the ultimate controlling person ~~and/or~~ or other affiliated entities;

(3) ~~A~~ a narrative detailing the North Carolina market need for the lines of business to be written by the foreign insurance company, including any documentation to support the assertions made in the narrative; and

(4) ~~Any~~ any other information necessary to demonstrate a favorable financial condition for the Commissioner to approve a waiver.

History Note: *Authority S.L. 2026-48, s.66.(c); G.S. 58-2-40; 58-16-5;*
Temporary Adoption Eff. December 1, 2026.