

REQUEST FOR TECHNICAL CHANGE

AGENCY: Department of Insurance

RULE CITATION: 11 NCAC 06A .0402

DEADLINE FOR RECEIPT: Friday, July 9, 2021

NOTE: This request when viewed on computer extends several pages. Please be sure you have reached the end of the document.

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

The names of rules is not within the purview of RRC, so I am only asking – why is “Limited” shortened to “LTD” here but not in Rule .0501? Please note, if you decide to change the name here or in Rule .0501, you will need to submit a new Submission for Permanent Rule form with the new name in Box 2.

In (a), line 6, and elsewhere the term is used, what do you mean by “appointed”? Does your regulated public know this term? Is this the same meaning as the term used in G.S. 58-33-40?

On line 7, what is the “NASD”?

In (b), line 9, please replace “he” with “he or she”

It appears that (b)(1) through (5) repeat the language of G.S. 58-33-26 as it was originally enacted in 2001 via SL 2001-203; however, that statute has been changed substantially since then and the original language is now gone. Should this Rule continue to repeat that statutory language? If so, are you relying upon G.S. 58-33-26(c1)(9) to establish these categories?

In (b)(4), line 16, insert a comma after “accident”

In (c)(1), line 19, as well as (c)(4), line 25, please replace “such” with “that”

In (c)(1), line 19, and (c)(4), line 25, should this read “to whom”?

In (d), line 27, insert a comma after “representative”

In (d)(1), line 28, please state “he or she”

On line 29, what are “all legal requirements”? Will your regulated public know?

In (d)(2), under what circumstances will the Division make this demand? Guidance needs to be included within the Rule text.

Amanda J. Reeder
Commission Counsel
Date submitted to agency: June 24, 2021

In (e), line 34, state “his or her”

On line 35, insert a comma after “canceled”

On line 36, consider replacing “is” with “shall be”

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

11 NCAC 06A .0402 is amended as published in the NCR 35:18 2040 as follows:

11 NCAC 06A .0402 LICENSING OF RESIDENT AGENT, LTD REPRESENTATIVE AND ADJUSTER

(a) An applicant for a resident variable life and variable annuity product shall hold a resident life license before making application for a resident variable life and variable annuity product license. An agent licensed to sell variable life and variable annuity products shall be appointed by a company authorized to sell variable annuities and variable life insurance products in North Carolina. The company shall verify that the agent has met the requirements of the NASD or its successor organization.

(b) A limited representative shall be appointed with each company for which he will solicit business for the following kinds of insurance:

(1) Dental services;

(2) Limited line credit insurance;

~~(3) Motor club;~~

~~(4)~~(3) Prearrangement insurance, as defined in G.S. 58-60-35(a)(2), when offered or sold by a preneed sales licensee licensed under Article 13D of Chapter 90 of the General Statutes; or

~~(5)~~(4) Travel, accident and baggage.

(c) Responsibility of insurance companies for forms:

(1) Companies shall have on file with the Division the address and email address of one central licensing office and the individual within such office to which all correspondence, licenses, and invoices will be forwarded.

(2) Companies shall have on file with the Division the name of the individual responsible for all agent appointments and termination of agent appointments submitted by the company to the Division.

(3) A company shall verify the licensure of an agent before the company appoints the agent.

(4) Companies shall notify the Division within 10 days after any change of address or email address of the central licensing office and of any change of the individual within such office to which all correspondence, licenses, and invoices will be forwarded.

(d) Responsibility of the agent, limited representative and adjuster:

(1) A person, after surrender or termination of a license for such period of time that he is no longer eligible for waiver of the examination, shall meet all legal requirements for previously unlicensed persons.

(2) Every licensee shall, upon demand from the Division, furnish in writing any information relating to the licensee's insurance business within 10 business days after the demand.

(e) An applicant for a resident license shall, if an electronic record is not available, obtain an original letter of clearance from his former state of residency certifying the kinds of insurance for which the applicant was licensed, that all licenses held in that state have been canceled and that the applicant was in good standing in that state at the time of the cancellation of licenses. A letter of clearance is valid for 90 days from date of issuance.

(f) Only individuals may apply for limited representative and adjuster licenses.

1 *History Note:* *Authority G.S. 58-2-40; 58-2-195(a); 58-33-26; 58-33-30; 58-33-66;*
2 *Eff. February 1, 1976;*
3 *Readopted Eff. June 12, 1978;*
4 *Amended Eff. October 1, 2010; February 1, 2008; April 1, 2003; February 1, 1996; October 1, 1990;*
5 *February 1, 1989;*
6 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. ~~June 25, 2016.~~*
7 *June 25, 2016;*
8 *Amended Eff. August 1, 2021.*
9

REQUEST FOR TECHNICAL CHANGE

AGENCY: Department of Insurance

RULE CITATION: 11 NCAC 06A .0501

DEADLINE FOR RECEIPT: Friday, July 9, 2021

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

In (a), line 4, what do you mean by "procedures"? And what statutory authority does the Commissioner have to set these procedures outside of rulemaking?

On line 6 and elsewhere you use the term, what do you mean by "terminations"? Notice that the agent no longer works for the company and thus, the company doesn't have to pay to renew the license?

In (c), line 14, "investigated" by whom? The Department?

In (e), line 18, insert a comma after "termination"

Also, please replace "are" with "shall be"

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

1 11 NCAC 06A .0501 is amended as published in the NCR 35:18 2040-2041 as follows:

2
3 **11 NCAC 06A .0501 RENEWAL OF AGENT APPTS: LICENSES/LIMITED REPS**

4 (a) Annually the Division shall notify each insurance company ~~and motor club company~~ of dates and procedures for
5 renewing agent appointments and limited representative licenses. Companies shall be given at least 30 days' advance
6 notice of the last date the Division shall process terminations.

7 (b) On the last date to submit terminations, the Division shall cease processing all terminations and bill companies for
8 renewals. All appointments and licenses shall automatically be billed for the appointment renewal unless the Division
9 has received a termination request from the company within the specified time.

10 (c) The Division shall send each company an invoice stating the total amount of money due and a list of all appointees
11 or licensees associated with the total due. The Division shall make this invoice and a list of all appointees or licensees
12 associated with the total due available electronically to each company. Companies shall remit the amount stated in the
13 invoice by electronic payment to the Commissioner or the Commissioner's designee and shall pay all associated fees for
14 electronic processing. Any discrepancies claimed by companies shall be investigated only after full payment is received.

15 (d) Upon receipt of the company payment, the Division shall provide to the company an electronic list of all
16 appointments and licenses renewed.

17 (e) Appointments recorded and licenses issued prior to the renewal date, but after the date specified by the Division as
18 the last date to process termination are valid until the following year.

19 (f) Failure of a company to pay any invoice by the due date shall automatically result in the termination of all appointees
20 or licensees of that company. The Commissioner shall not issue any new appointments until all outstanding invoices
21 have been paid. Any company that has had appointments or licensees cancelled by the Commissioner pursuant to this
22 Rule shall not process any new electronic appointments until all outstanding invoices have been paid. When the
23 outstanding invoices are paid, the company may re-appoint agents or limited representatives and shall pay the
24 appointment fees.

25
26 *History Note: Authority G.S. 58-2-40; 58-2-250; 58-33-40(f); 58-33-56; 58-33-125(a); 58-33-125(h);*
27 *Eff. February 1, 1976;*
28 *Readopted Eff. June 12, 1978;*
29 *Amended Eff. October 1, 2010; February 1, 1996; October 1, 1990; February 1, 1989; July 1, 1986;*
30 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. ~~June 25, 2016.~~*
31 *June 25, 2016;*
32 *Amended Eff. August 1, 2021.*
33

REQUEST FOR TECHNICAL CHANGE

AGENCY: Department of Insurance

RULE CITATION: 11 NCAC 13 .0410

DEADLINE FOR RECEIPT: Friday, July 9, 2021

The Rules Review Commission staff has completed its review of this Rule prior to the Commission's next meeting. The Commission has not yet reviewed this Rule and therefore there has not been a determination as to whether the Rule will be approved. You may call our office to inquire concerning the staff recommendation.

In reviewing this Rule, the staff recommends the following technical changes be made:

On line 4, please insert a comma after "agent"

On lines 5 and 6, please replace "such" with "the"

Please retype the rule accordingly and resubmit it to our office at 1711 New Hope Church Road, Raleigh, North Carolina 27609.

Amanda J. Reeder
Commission Counsel
Date submitted to agency: June 24, 2021

1 11 NCAC 13 .0410 is amended as published in the NCR 35:18 2041 as follows:

2
3 **11 NCAC 13 .0410 SALESMEN TO BE LICENSED INSURANCE AGENTS**

4 Any person acting in the capacity of employee, agent or salesman who solicits or sells a motor club membership shall be a
5 licensed insurance agent if the membership contract includes a contract of insurance to the member. Such employee, agent,
6 or salesman shall be licensed with the same insurance company that issues such contract of insurance. ~~As an alternative, a~~
7 ~~person who solicits or sells motor club memberships that include a contract of insurance may hold a limited license in~~
8 ~~accordance with G.S. 58-33-25(e)(6), and the motor club for which the person sells memberships shall make the application~~
9 ~~for the limited license of that person.~~

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11 *History Note: Authority G.S. 58-2-40; 58-69-20(5);*

12 *Eff. February 1, 1976;*

13 *Readopted Eff. January 1, 1978;*

14 *Amended Eff. April 8, 2002; July 1, 1986;*

15 *Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. ~~June 25, 2016.~~ June*
16 *25, 2016;*

17 *Amended Eff. August 1, 2021.*