REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: N.C. Department of Insurance

RULE CITATION: 11 NCAC 10 .0507

DEADLINE FOR RECEIPT: Friday November 13, 2026 by 5:00p.m.

***PLEASE NOTE:* This request may extend to 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 email the reviewing attorney to inquire concerning the staff recommendation.

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

(a) Line 9, what does "similar" mean in this context? The SL 2026-48 says the company must "do the business it proposes to transact" it does not say "similar."

(a) Line 9, "writing . . . lines of business as being requested" this language seems unnecessarily complex. Consider "shall have profitable operations in the same business it proposes to transact"

(a) Line 10 change must to shall

(b) Line 13 "generally corresponds to" is very vague. Is there a more definitive manner that this can be measured? What do these net gains need to be?

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

Meghan Barney
RRC Counsel
Submitted November 9, 2026

TEMPORARY RULE-MAKING FINDINGS OF NEED

[Authority G.S. 150B-21.1]

OAH USE ONLY

VOLUME:

ISSUE:

1. Rule-Making Agency:
Department of Insurance

2. Rule citation & name:
11 NCAC 14 .0507 FOREIGN COMPANY MUST HAVE CONDUCTED SUCCESSFUL BUSINESS

3. Action: ☒ **Adoption** ☐ **Amendment** ☐ **Repeal**

4. Was this an Emergency Rule: ☐ **Yes** ☒ **No** **Effective date:**

5. Provide dates for the following actions as applicable:

a. **Proposed Temporary Rule submitted to OAH:** September 14, 2026

b. **Proposed Temporary Rule published on the OAH website:** September 16, 2026

c. **Public Hearing date:** October 13, 2026

d. **Comment Period:** September 21 - October 16, 2026

e. **Notice pursuant to G.S. 150B-21.1(a3)(2):** September 14, 2026

f. **Adoption by agency on:** October 30, 2026

g. **Proposed effective date of temporary rule [if other than effective date established by G.S. 150B- 21.1(b) and G.S. 150B-21.3]:**

6. Reason for Temporary Action. Attach a copy of any cited law, regulation, or document necessary for the review.

☐ **A serious and unforeseen threat to the public health, safety or welfare.**

☒ **The effective date of a recent act of the General Assembly or of the U.S. Congress.**
Cite: SL 2026-48, Part III, Section 66
Effective date: July 7, 2026

☐ **A recent change in federal or state budgetary policy.**
Effective date of change:

☐ **A recent federal regulation.**
Cite:
Effective date:

☐ **A recent court order.**
Cite order:

☐ **Other:**

Explain:

Session Law 2026-48, Part III, Section 66, amended G.S. 58-16-5, to require foreign and alien insurers seeking admission to demonstrate successful in the conduct of business. The act further directs the Department to adopt rules for implementation no later than January 1, 2027.

Historically, this requirement previously existed under G.S. 58-16-5 and required foreign and alien insurers to demonstrate successful operations, including a history of profitable operations, as a condition of licensure. Prior rules also permitted the Commissioner to waive the requirement when mitigating financial factors demonstrated the insurer's stability. S. L. 2009-172 removed this requirement, resulting in the repeal of corresponding administrative rules. Following the removal of the statutory language establishing this requirement, the agency's ability to deny admission to insurers that were not operating successfully was diminished. The recent statutory amendment reinstates this requirement as a consumer protection measure.

Temporary adoption is necessary to timely establish objective standards for evaluating an applicant's successful conduct of business. Rule 11 NCAC 14 .0507 requires three consecutive years of profitable operations in the same or substantially similar lines of insurance and further identifies applicable NAIC financial reporting measures for evaluating profitability. Alternatively, companion rule 11 NCAC 14 .0508 establishes a waiver provision, allowing the three year profitable operations requirement to be waived when specific mitigating factors exist. The proposed rules provide consistent standards for evaluating applicant's operating history and financial condition and protects NC policyholders from unstable foreign insurers.

7. Why is adherence to notice and hearing requirements contrary to the public interest and the immediate adoption of the rule is required?

Adherence to the notice and hearing requirements would be contrary to the public interest because Session Law 2026-48 directs the Department to adopt rules by January 1, 2027 and those procedures would not allow for sufficient compliance within the alloted time frame. To promptly implement rules reflecting the recent amendments to G.S. 58-16-5, temporary rule adoption is required to meet the approaching deadline imposed by the General Assembly.

Immediate adoption is also required because amended GS 58-16-5(2)(a) is in effect, and no clear standards currently exist defining for applicants how the new statutory requirement may be satisfied for purposes of licensing. Additionally, the proposed rules are necessary to provide the Department with a uniform framework for evaluating foreign insurance companies' operating history and financial condition as a measure of consumer protection to prevent unstable or insolvent companies from admission.

Immediate adoption of companion rules 11 NCAC 14 .0507 and .0508 are required to implement the new statutory directive within the prescribed time frame, while the Department simultaneously pursues permanent rule-making procedures.

8. Rule establishes or increases a fee? (See G.S. 12-3.1)

☐ **Yes**
Agency submitted request for consultation on:
Consultation not required. Cite authority:

☒ **No**

9. Rule-making Coordinator:
Alisha Benjamin
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alisha.benjamin@ncdoi.gov

Agency contact, if any:
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E-Mail: amy.funderburk@ncdoi.gov

10. Signature of Agency Head*:

*** If this function has been delegated (reassigned) pursuant to G.S. 143B-10(a), submit a copy of the delegation with this form.**

Typed Name:
Mike Causey
Title:
Commissioner of Insurance
E-Mail: mike.causey@ncdoi.gov

RULES REVIEW COMMISSION USE ONLY	
Action taken: ☐ Date returned to agency:	Submitted for RRC Review:

11 NCAC 14 .0507 is adopted under temporary procedures 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), foreign insurance companies shall have profitable operations writing the same or similar lines of business as being requested in North Carolina for three consecutive years immediately preceding the date of application for admission and must 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.

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

REQUEST FOR CHANGES PURSUANT TO G.S. 150B-21.10

AGENCY: N.C. Department of Insurance

RULE CITATION: 11 NCAC 10 .0508

DEADLINE FOR RECEIPT: Friday November 13, 2026 by 5:00p.m.

***PLEASE NOTE:* This request may extend to 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 email the reviewing attorney to inquire concerning the staff recommendation.

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

(a) Line 4-5, this reads like the three-year requirement comes from G.S. 58-16-5, it doesn't. The three years come from your rule .0507, the statute only states that the business must be "successful in the conduct of this business," it doesn't set a timeline. Please edit.

(a) and (b) Lines 7, 9, 12, 13, 16, 19, 21, 24 these list items should begin with lower case letters.

(b)(2) Line 20, our guidelines state to never use "and/or" instead "or" alone is sufficient.

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

Meghan Barney
RRC Counsel
Submitted November 9, 2026

TEMPORARY RULE-MAKING FINDINGS OF NEED

[Authority G.S. 150B-21.1]

OAH USE ONLY

VOLUME:

ISSUE:

1. Rule-Making Agency:
Department of Insurance

2. Rule citation & name:
11 NCAC 14 .0508 WAIVERS OF THREE YEAR PROFITABLE OPERATIONS REQUIREMENT

3. Action: ☒ **Adoption** ☐ **Amendment** ☐ **Repeal**

4. Was this an Emergency Rule: ☐ **Yes** ☒ **No** **Effective date:**

5. Provide dates for the following actions as applicable:

a. **Proposed Temporary Rule submitted to OAH:** September 14, 2026

b. **Proposed Temporary Rule published on the OAH website:** September 16, 2026

c. **Public Hearing date:** October 13, 2026

d. **Comment Period:** September 21 - October 16, 2026

e. **Notice pursuant to G.S. 150B-21.1(a3)(2):** September 14, 2026

f. **Adoption by agency on:** October 30, 2026

g. **Proposed effective date of temporary rule [if other than effective date established by G.S. 150B- 21.1(b) and G.S. 150B-21.3]:**

6. Reason for Temporary Action. Attach a copy of any cited law, regulation, or document necessary for the review.

☐ **A serious and unforeseen threat to the public health, safety or welfare.**

☒ **The effective date of a recent act of the General Assembly or of the U.S. Congress.**
Cite: SL 2026-48, Part III, Section 66
Effective date: July 7, 2026

☐ **A recent change in federal or state budgetary policy.**
Effective date of change:

☐ **A recent federal regulation.**
Cite:
Effective date:

☐ **A recent court order.**
Cite order:

☐ **Other:**

Explain:

Session Law 2026-48, Part III, Section 66, amended G.S. 58-16-5, to require foreign and alien insurers seeking admission to demonstrate successful in the conduct of business. The legislation further directs the Department to adopt rules for implementation no later than January 1, 2027.

This requirement restores a prior statutory standard that required foreign and alien insurers to demonstrate successful business operations, including a history of profitability, as a condition of admission. Prior rules also permitted the Commissioner to waive the requirement when mitigating financial factors demonstrated the insurer's stability. The proposed rules reinstate the Department's previously existing regulatory framework to align with the amended statute and restore an important consumer protection safeguard which was previously diminished.

Temporary rule adoption is necessary to timely implement the recent statutory changes of G.S. 58-17-5. Companion rule 11 NCAC 14 .0507 establishes the general requirement of three consecutive years of profitable operations, while proposed rule .0508 provides an alternative path for admission by allowing the Commissioner to waive that requirement based on mitigating financial factors. The rule further clearly identifies the factors and supporting documentation necessary for waiver consideration. Adoption of this temporary rule promotes consistent regulatory review for interested applicants, provides transparency in waiver determinations by the Department and helps to ensure foreign and alien insurers seeking admission are financially stable to transact insurance business in this State for the benefit of North Carolina policyholders.

7. Why is adherence to notice and hearing requirements contrary to the public interest and the immediate adoption of the rule is required?

Adherence to notice and hearing requirements would be contrary to the public interest because Session Law 2026-48 directs the Agency to adopt rules by January 1, 2027 and timely compliance is unattainable under the standard notice and hearing requirements. Temporary rule adoption is required to implement the amended GS 58-16-5 within the deadline imposed by the General Assembly.

Immediate adoption is also required because amended GS 58-16-5(2)(a) is in effect, and no clear standards currently exist defining for applicants how the new statutory requirement may be satisfied for purposes of licensing. Additionally, the proposed rules are necessary to provide the Department with a uniform framework for evaluating foreign insurance companies' operating history and financial condition as a measure of consumer protection to prevent unstable or insolvent companies from admission.

Immediate adoption of companion rules 11 NCAC 14 .0507 and .0508 are required to implement the new statutory directive within the prescribed time frame, while the Department simultaneously pursues permanent rule-making procedures.

8. Rule establishes or increases a fee? (See G.S. 12-3.1)

☐ **Yes**
Agency submitted request for consultation on:
Consultation not required. Cite authority:

☒ **No**

9. Rule-making Coordinator:
Alisha Benjamin
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Agency contact, if any:
Amy Funderburk, General Counsel
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10. Signature of Agency Head*:

*** If this function has been delegated (reassigned) pursuant to G.S. 143B-10(a), submit a copy of the delegation with this form.**

Typed Name:
Mike Causey
Title:
Commissioner of Insurance
E-Mail: mike.causey@ncdoi.gov

RULES REVIEW COMMISSION USE ONLY	
Action taken: ☐ Date returned to agency:	Submitted for RRC Review:

11 NCAC 14 .0508 is adopted under temporary procedures 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 under G.S. 58-16-5, the Commissioner may waive the requirement for three consecutive years of profitable operations after considering mitigating factors, including, but not limited to, the following:

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

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

(3) 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 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.