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:
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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:

service. If the gift is of a body part, the person to which the body part passes under G.S. 130A-412.13, upon the death of the donor and before embalming, burial, ~~or cremation,~~ cremation, or hydrolysis shall cause the body part to be removed without unnecessary mutilation."

SECTION 64. G.S. 130A-420(a) reads as rewritten:

"(a) An individual at least 18 years of age may authorize the type, place, and method of disposition of the individual's own dead body by methods in the following order:

(1) Pursuant to a preneed funeral contract executed pursuant to Article 13D of Chapter 90 of the General Statutes or pursuant to a ~~cremation~~ reduction authorization form executed pursuant to Article ~~13C~~ 13F of Chapter 90 of the General Statutes.

...."

SECTION 65. G.S. 160A-341 reads as rewritten:

"**§ 160A-341. Authority to establish and operate cemeteries.**

A city ~~shall have authority to~~ may establish, operate, and maintain cemeteries either inside or outside its corporate limits, may acquire and hold real and personal property for cemetery purposes by gift, purchase, or (for real property) by exercise of the power of eminent domain, may devote any property owned by the city to use as a cemetery, may prohibit burials at any place within the city other than city cemeteries, and may regulate the manner of burial in city cemeteries. Nothing in this section ~~shall confer~~ confers upon any city authority to prohibit or regulate burials in cemeteries licensed by the ~~State Burial Association Commissioner,~~ Cemetery Commission, or in church cemeteries.

As used in this Article "cemetery" includes columbariums and facilities for ~~cremation.~~cremation or hydrolysis."

PART III. DEPARTMENT OF INSURANCE LICENSING PROGRAMS

SECTION 66.(a) Subdivisions (6), (7), (8), and (9) of G.S. 58-16-5 are recodified as sub-subdivisions e., f., g., and h. of subdivision (2) of that section.

SECTION 66.(b) G.S. 58-16-5, as amended by subsection (a) of this section, reads as rewritten:

"**§ 58-16-5. Conditions of licensure.**

A foreign or alien insurance company may be licensed to do business ~~when it:~~if it meets all of the following requirements:

(1) Deposits with the Commissioner a certified copy of its charter or certificate of organization and a statement of its financial condition and business, in the form and detail that the Commissioner requires, signed and sworn to by its president and secretary or other proper officer, and pays ~~for~~ the ~~filing of this statement the sum~~ licensure application fee required by law.

(2) Satisfies the Commissioner of all of the following:

a. ~~that it~~ It is fully and legally organized under the laws of its state or government to do the business it proposes to transact as direct insurance or assumed ~~reinsurance;~~ reinsurance, and it has been successful in the conduct of this business.

b. ~~that it~~ It has, if a stock company, a free surplus and a fully paid-up and unimpaired capital, exclusive of stockholders' obligations of any ~~description~~ description, of an amount not less than that required for the organization of a domestic company writing the same kinds of ~~business; and~~business.

c. It has, if a mutual ~~company that its~~ company, a free surplus ~~is~~ not less than that required for the organization of a domestic company writing the same kind of ~~business, and~~business.

d. ~~that the~~ Its capital, surplus, and other funds are invested substantially in accordance with the requirements of this Chapter.

e. ~~Satisfies the Commissioner that it~~ It is in substantial compliance with G.S. 58-7-21, 58-7-26, 58-7-30, and 58-7-31 and Article 13 of this Chapter.

f. ~~Satisfies the Commissioner that it is in compliance~~ It complies with the company name requirements of G.S. 58-7-35.

g. ~~Satisfies the Commissioner that the~~ The operation of the company in this State would not be hazardous to prospective policyholders, creditors, or the general public.

h. ~~Satisfies the Commissioner that it~~ It is in substantial compliance with the requirements of G.S. 58-7-37 pertaining to the background of its officers and directors.

(3) Repealed by Session Laws 1995, c. 517, s. 6.

(4) Repealed by Session Laws 1987, c. 629, s. 20.

(5) Files with the Commissioner a certificate that it has complied with the laws of the state or government under which it was organized and is authorized to make contracts of insurance.

(6) through (9) Recodified.

(10) Files with the Commissioner an instrument appointing the Commissioner as the company's agent on whom any legal process under G.S. 58-16-30 may be served. This appointment is irrevocable as long as any liability of the company remains outstanding in this State. A copy of this instrument, certified by the Commissioner, is sufficient evidence of this ~~appointment;~~ appointment, and service upon the Commissioner is sufficient service upon the company."

SECTION 66.(c) No later than January 1, 2027, the Department of Insurance shall adopt rules to implement this section.

SECTION 66.(d) This section is effective when it becomes law.

SECTION 67. G.S. 58-71-75 reads as rewritten:

"**§ 58-71-75. License renewal; criminal history record checks; renewal fees.**

(a) Biennial Renewal. – A license of a bail bondsman and a license of a runner shall be renewed on July 1 of each even year upon payment of the applicable biennial renewal fee. In addition to paying the biennial renewal fee, an applicant seeking renewal ~~must~~ shall submit an application for renewal in accordance with this section. The Commissioner is not required to print renewal licenses.

(b) Renewal Application. – In even-numbered years, a bail bondsman or runner seeking to renew a license shall provide the Commissioner prior to the expiration date of the bail bondsman's or runner's current license, all of the following:

(1) A renewal application containing all of the following:

a. Proof that the applicant is a resident of this State as required by G.S. 58-71-50(c).

b. Proof that the applicant meets the qualifications set out in G.S. 58-71-50(b)(5) through ~~G.S. 58-71-50(b)(7).~~G.S. 58-71-50(b)(9).

c. The information required by G.S. 58-2-69.

(2) The biennial renewal fee as provided in subsection (d) of this section.

(3) Repealed by Session Laws 2016-107, s. 4, effective July 22, 2016.

...."

SECTION 68.(a) G.S. 58-89A-5 reads as rewritten:

"**§ 58-89A-5. Definitions.**

~~In this Article:~~The following definitions apply in this Article:

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.

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:
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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
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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.