

GENERAL ASSEMBLY OF NORTH CAROLINA  
1989 SESSION

CHAPTER 941  
SENATE BILL 1408

AN ACT TO PROVIDE FOR SUPPLEMENTAL FEES, LICENSES, WRITTEN EXAMINATIONS, AND CONTINUING EDUCATION FOR AGENTS WHO SELL MEDICARE SUPPLEMENT OR LONG-TERM CARE INSURANCE POLICIES; AND TO AMEND THE MEDICARE SUPPLEMENT INSURANCE LAW IN ACCORDANCE WITH RECENT CONGRESSIONAL ACTION.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-33-25(c) is amended by adding the following new subdivision:

"(8) Medicare Supplement Insurance and Long-Term Care Insurance, as a supplement to a license for the kinds of insurance listed in subdivisions (1) and (2) of this subsection."

Sec. 2. G.S. 58-33-25 is amended by adding the following new subsection:

"(d2) A life, accident, and health license or an accident and health license authorizes an agent to sell Medicare supplement and long-term care insurance policies as defined respectively in Articles 54 and 55 of this Chapter, provided that the licensee takes and passes a supplemental written examination for such insurance as provided in G.S. 58-33-30(e) and pays the supplemental registration fee as provided in G.S. 58-33-125(c)."

Sec. 3. G.S. 58-33-30(e) reads as rewritten:

"(e) Examination.

- (1) After completion and filing of the application with the Commissioner, except as provided in G.S. 58-33-35, the Commissioner shall require each applicant for license as an agent or an adjuster to take a written examination as to his competence to be licensed. The applicant must take and pass the examination according to requirements prescribed by the Commissioner.
- (2) The Commissioner may require any licensed agent, adjuster, or motor vehicle damage appraiser to take and successfully pass an examination in writing, testing his competence and qualifications as a condition to the continuance or renewal of his license, if the licensee has been found guilty of any violation of any provision of Articles 1 through 67 of this Chapter. If an individual fails to pass such an examination, the Commissioner shall revoke all licenses issued in his name and no license shall be issued until such individual has passed an examination as provided in this Article.

- (3) Each examination shall be as the Commissioner prescribes and shall be of sufficient scope to test the applicant's knowledge of:
  - a. The terms and provisions of the policies or contracts of insurance he proposes to effect; or
  - b. The types of claims or losses he proposes to adjust; and
  - c. The duties and responsibilities of such a license; and
  - d. The current laws of this State applicable to such a license.
- (4) The answers of the applicant to any such examination shall be written by the applicant under the Commissioner's supervision. The Commissioner shall give examinations at such times and places within this State as he deems necessary reasonably to serve the convenience of both the Commissioner and applicants: Provided that the Commissioner is authorized to contract directly with persons for the processing of examination application forms and for the administration and grading of the examinations required by this section; the Commissioner is authorized to charge a reasonable fee in addition to the registration fee charged under G.S. 58-33-125, to offset the cost of the examination contract authorized by this subsection; and such contracts shall not be subject to Article 3 of Chapter 143 of the General Statutes.
- (5) The Commissioner shall collect in advance the examination and registration fees provided in G.S. 58-33-125 and in subsection (4) of this section. The Commissioner shall make or cause to be made available to all applicants, for a reasonable fee to offset the costs of production, materials that he deems necessary for the applicants' proper preparation for such exams. The Commissioner is empowered to contract directly with publishers and other suppliers for the production of such preparatory materials, and contracts so let by the Commissioner shall not be subject to Article 3 of Chapter 143 of the General Statutes.

In addition to the examinations for the kinds of insurance specified in G.S. 58-33-25(c)(1) and (2), before any person may sell Medicare supplement or long-term care insurance policies defined respectively in Articles 54 and 55 of this Chapter, he must take and pass a supplemental written examination according to requirements prescribed by the Commissioner."

Sec. 4. G.S. 58-33-125(a) reads as rewritten:

"(a) The following table indicates the annual fees that are required for the respective licenses issued under this Article and Article 21 of this Chapter:

Adjuster	\$50.00
Adjuster, crop hail only	10.00
Agent appointment cancellation (paid by insurer)	5.00
Agent appointment, individual	10.00
Agent appointment, nonindividual	25.00
<u>Agent appointment, Medicare supplement</u>	

<u>and long-term care, individual</u>	10.00
Agent appointment, Medicare supplement <u>and long-term care, nonindividual</u>	20.00
Agent, overseas military	10.00
Broker, nonresident	50.00
Broker, resident	25.00
Limited representative	10.00
Limited representative cancellation (paid by insurer)	5.00
Motor vehicle damage appraiser	50.00
Surplus lines licensee, corporate	50.00
Surplus lines licensee, individual	50.00

These fees are in lieu of any other license fees. Fees paid by an insurer on behalf of a person who is licensed or appointed to represent the insurer shall be paid to the Commissioner on a quarterly or monthly basis, in the discretion of the Commissioner."

Sec. 5. G.S. 58-33-125(c) reads as rewritten:

"(c) Any person not registered who is required by law or administrative rule to secure a license shall, upon application for registration, pay to the Commissioner a fee of ten dollars (\$10.00). In the event additional licensing for other kinds of insurance is requested, a fee of ten dollars (\$10.00) shall be paid to the Commissioner upon application for registration for each additional kind of insurance.

In addition to the fees prescribed by this subsection, any person applying for a supplemental license to sell Medicare supplement and long-term care insurance policies shall pay an additional fee of fifteen dollars (\$15.00) upon application for registration for those kinds of insurance."

Sec. 6. G.S. 58-33-130 is amended by adding the following new subsection:

"(k) In addition to the 12 annual credit hours required of life or health insurance agents or brokers, in order to renew an appointment or license on and after January 1, 1993, every person holding a supplemental license under G.S. 58-33-25(d2) shall satisfactorily complete two annual credit hours in course instruction covering the principles of Medicare supplement and long-term care insurance, including changes in federal or North Carolina law relating to such insurance. Such additional two hours are not subject to the limitation in subsection (e) of this section."

Sec. 7. G.S. 58-33-30(d) is amended by adding a new subdivision to read:

"(3) Each applicant for a Medicare supplement and long-term care insurance license shall furnish evidence satisfactory to the Commissioner of successful completion of 10 hours of instruction, which shall in all cases include the principles of Medicare supplement and long-term care insurance and federal and North Carolina law relating to such insurance. An applicant who submits satisfactory evidence of having successfully completed an agent training course that has been approved by the Commissioner and that is offered by or under the auspices of an admitted life or health insurer or a

professional insurance association satisfies the educational requirements of this subdivision."

Sec. 8. G.S. 58-54-15 reads as rewritten:

**"§ 58-54-15. Minimum standards for benefits, marketing practices, compensation arrangements, reporting practices, and claims payments.**

The Commissioner shall adopt rules, pursuant to G.S. 150B-13, to establish minimum standards for benefits, marketing practices, compensation arrangements, reporting practices, and claims payments under policies."

Sec. 9. G.S. 58-55-30 is amended by adding a new subsection to read:

"(k) The Commissioner shall adopt rules, pursuant to G.S. 150B-13, to establish minimum standards for marketing practices and compensation arrangements for long-term care insurance."

Sec. 10. All life, accident, and health or accident and health agents that are duly licensed on January 1, 1991, shall have until June 30, 1991, to comply with the requirements of Sections 1 through 5 of this act in order to sell Medicare supplement or long-term care insurance policies in this State.

Sec. 11. Sections 1 through 7 of this act shall become effective January 1, 1991. The remainder of this act is effective upon ratification.

In the General Assembly read three times and ratified this the 17th day of July, 1990.