

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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SENATE BILL 486  
Judiciary II Committee Substitute Adopted 4/14/03  
House Committee Substitute Favorable 6/3/04

Short Title: Customer Inquiries/Insurance Coverage.

(Public)

Sponsors:

Referred to:

March 20, 2003

A BILL TO BE ENTITLED

AN ACT TO PROHIBIT INSURANCE COMPANIES FROM USING CUSTOMER  
INQUIRIES TO TERMINATE A POLICY, TO REFUSE TO ISSUE OR RENEW  
A POLICY, OR TO SUBJECT A POLICY TO CONSENT TO RATE.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 36 of Chapter 58 of the General Statutes is amended by adding a new section to read:

**"§ 58-36-115. Prohibitions on using inquiries to terminate a policy, refuse to issue or renew a policy, or to subject a policy to consent to rate.**

(a) Insurers writing residential real property insurance subject to this Article shall not use an inquiry of a policyholder that does not result in a claim to terminate an existing policy or any coverage under an existing policy, to refuse to write a policy, to refuse to renew a policy, or to subject a policy to consent to rate as specified in G.S. 58-36-30(b). Any termination attempted or made that is not in compliance with this section is not effective.

(b) For the purposes of this section, an inquiry by a policyholder about the provisions of a property insurance contract is not a claim, unless the policyholder or a third party files a claim or reports a loss, incident, or accident covered under the contract.

(c) Nothing in this section shall preclude an insurer from acting in response to a substantial increase in the risk assumed by and unknown to the insurer since the policy was issued."

**SECTION 2.** This act becomes effective October 1, 2004, and applies to policies issued or renewed on or after that date.