

**CHAPTER 13 - AGENT SERVICES DIVISION – NON-INSURANCE ENTITIES**

**SECTION .0100 – GENERAL PROVISIONS**

<b>11 NCAC 13 .0101</b>	<b>DEFINITIONS</b>
<b>11 NCAC 13 .0102</b>	<b>PURPOSE OF DIVISION</b>
<b>11 NCAC 13 .0103</b>	<b>DEPUTY COMMISSIONER</b>
<b>11 NCAC 13 .0104</b>	<b>DIVISION PERSONNEL</b>
<b>11 NCAC 13 .0105</b>	<b>FIELD INVESTIGATIONS: EXAMINATIONS</b>

*History Note:* Authority G.S. 58-2-40; 58-7.3; 58-9; 58-9.2; 58-35-5(b); 58-35-15(a); 58-57; 58-57.1; 66-46; 66-48; 66-49.13; 85C-2; 85C-35;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002;  
Repealed Eff. October 1, 2010.

**SECTION .0200 - COLLECTION AGENCIES**

<b>11 NCAC 13 .0201</b>	<b>FORMS</b>
<b>11 NCAC 13 .0202</b>	<b>COLLECTION AGENCY LICENSING PROCEDURES</b>
<b>11 NCAC 13 .0203</b>	<b>RENEWAL OF COLLECTION AGENCY PERMIT</b>
<b>11 NCAC 13 .0204</b>	<b>CANCELLATION OF SURETY BOND</b>
<b>11 NCAC 13 .0205</b>	<b>UNAUTHORIZED PRACTICE OF LAW</b>
<b>11 NCAC 13 .0206</b>	<b>AUTHORIZATION TO FORWARD AN ACCOUNT TO AN ATTORNEY</b>
<b>11 NCAC 13 .0207</b>	<b>FORWARDING ACCOUNTS TO AN ATTORNEY</b>
<b>11 NCAC 13 .0208</b>	<b>SHARED OFFICE SPACE</b>
<b>11 NCAC 13 .0209</b>	<b>OFFICE HOURS</b>
<b>11 NCAC 13 .0210</b>	<b>FORMS TO BE APPROVED</b>
<b>11 NCAC 13 .0211</b>	<b>STATEMENTS TO BE FURNISHED EACH COLLECTION CREDITOR</b>
<b>11 NCAC 13 .0212</b>	<b>REMITTANCE TRUST ACCOUNT</b>
<b>11 NCAC 13 .0213</b>	<b>RECORDS TO BE MAINTAINED</b>
<b>11 NCAC 13 .0214</b>	<b>RECEIPT REQUIREMENT</b>
<b>11 NCAC 13 .0215</b>	<b>CREDITOR MAY REQUEST RETURN OF ACCOUNTS</b>
<b>11 NCAC 13 .0216</b>	<b>PERMIT TERMINATION: ACCOUNTS AND VALUABLE PAPERS RETURN</b>
<b>11 NCAC 13 .0217</b>	<b>EVIDENCE OF INDEBTEDNESS SIGNED BY DEBTOR</b>
<b>11 NCAC 13 .0218</b>	<b>APPLICATION OF FUNDS: DEBTOR-CREDITOR RELATIONSHIP</b>
<b>11 NCAC 13 .0219</b>	<b>CHANGE IN OWNERSHIP OR MANAGEMENT AND IN CERTAIN EMPLOYEES</b>
<b>11 NCAC 13 .0220</b>	<b>CHARGES TO DEBTOR PROHIBITED</b>
<b>11 NCAC 13 .0221</b>	<b>PROHIBITED COLLECTION PRACTICES</b>

*History Note:* Authority G.S. 66-41.1; 66-42.1; 66-42.2; 66-44; 66-46;  
Eff. February 1, 1976;  
Amended Eff. October 26, 1977;  
Readopted Eff. January 1, 1978;  
Repealed Eff. July 1, 1988.

<b>11 NCAC 13 .0222</b>	<b>PROHIBITED EMPLOYMENT PRACTICES</b>
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*History Note:* Authority G.S. 66-46;  
Eff. January 1, 1978;  
Repealed Eff. July 1, 1988.

**SECTION .0300 - INSURANCE PREMIUM FINANCE COMPANIES**

### **11 NCAC 13 .0301 FORMS**

The following forms are provided by the division and are used by insurance premium finance companies for purposes as specified herein:

- (1) Application for Insurance Premium Finance License. The form entitled "Application for Insurance Premium Finance License" shall include general interrogatories concerning the company's structure, employees' past business experience, address and proposed method of operation of the applicant as well as all other pertinent information.
- (2) Premium Finance License Renewal Form. A "Premium Finance Renewal Application" shall include the name and address of the premium finance company, date of cancellation of the license if the application is not received by the Division, the amount of the proper license fee, a statement of any changes in the structure of the applicant since its last application, a computation of the bond amount specified in G.S. 58-35-15 and 11 NCAC 13 .0302, instructions for the completion and return of the application and other pertinent information.
- (3) Premium Finance Surety Bond Form. The surety bond described in G.S. 58-35-15 shall be executed on a form supplied by the Commissioner and shall be executed in accordance with the laws of North Carolina governing surety bonds. The surety bond form shall include the name of the premium finance company [corporation - use corporate name exactly as shown on the articles of incorporation; unincorporated - use name(s), trading as (T/A) the name of the premium finance company], name of the surety, amount of the bond, terms of cancellation of the bond and other pertinent information.
- (4) Premium Finance Company Personnel Form. Each stockholder owning ten percent or more of the applicant's outstanding stock and each partner, director, officer, office manager or field representative employed by the applicant shall complete form DOI-5PF entitled "Personal Questionnaire." Form DOI-5PF will be furnished by the Commissioner and shall contain the name of the premium finance company, the name and address of the individual completing the form, the position(s) held by the individual, past business experience of the individual, the name and address of three people not related to the individual who can attest to the individual's reputation for honesty and fair dealings and other pertinent information. All "Personal Questionnaires" shall be attached to the applicant's "Application for Insurance Premium Finance License."
- (5) Request by Insured for Separate Contracts Form. Each insured who expressly requests separate premium finance contracts authorized by 11 NCAC 13 .0325 shall complete form DOI-6PF entitled "Request by Insured for Separate Contracts."

*History Note: Authority G.S. 58-2-40; 58-35-5(b); 58-35-15(a);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002; May 1, 1989;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0302 PREMIUM FINANCE SURETY BOND AMOUNT**

An "A" type premium finance company, as defined in G.S. 58-35-5(e)(1), shall post the surety bond as specified in G.S. 58-35-15(a) in an amount equal to one thousand dollars (\$1,000) for each five thousand dollars (\$5,000) in premium finance accounts receivable or fraction thereof. The accounts receivable shall be determined as of December 31 of the licensing year with a minimum bond of five thousand dollars (\$5,000) and a maximum bond of twenty-five thousand dollars (\$25,000) required. A "B" type premium finance company, as defined in G.S. 58-35-5, shall post the surety bond as specified in General Statute 58-35-15(a) in the amount of twenty-five thousand dollars (\$25,000).

*History Note: Authority G.S. 58-2-40; 58-35-15(a);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0303 PREMIUM FINANCE LICENSING PROCEDURES**

- (a) Applicants must meet minimum qualifications as stated in G.S. 58, Article 35.

(b) Applicants must submit a properly completed "Application for Insurance Premium Finance License" to the Division. The following items, where applicable, shall be attached to and made a part of the application:

- (1) A certified copy of the board of directors' resolution that authorized the application to be made;
- (2) A duly authenticated copy of the applicant's articles of incorporation, together with all amendments and supplements thereto;
- (3) A duly authenticated copy of the applicant's by-laws;
- (4) If the applicant is a foreign corporation, a copy of the certificate of authority to transact business in this state issued by the North Carolina Secretary of State;
- (5) Certified copy of the current partnership agreement;
- (6) If a trade name is used, a certificate showing that the trade name has been filed as required in General Statute 66-68;
- (7) A surety bond as specified in G.S. 58-35-15(a) and 11 NCAC 13 .0302;
- (8) Form number DOI-5PF completed on each individual specified in 11 NCAC 13 .0301;
- (9) A sworn statement by a corporate officer, partner or individual proprietor giving a detailed description of the premium financing procedures to be employed in North Carolina. The detailed description should include procedures outlining the execution of a premium finance agreement, procedures for payment in full before the maturity of the agreement, and cancellation procedures. The cancellation procedures should indicate the dates of all notices, and the method of refund to the insured when applicable.
- (10) Two copies each of a proposed Insurance Premium Finance Agreement, rate chart, ten-day notice, cancellation notice and all related forms to be mailed or given to North Carolina citizens;
- (11) A current audited financial statement of the premium finance company, prepared by a certified public accountant or by a qualified independent accountant who is engaged in the public practice of accounting;
- (12) Check in the amount of the permit fee as specified in G.S. 58-35-5 (made payable to the North Carolina Department of Insurance);
- (13) Such other data and information as the Commissioner may deem reasonably necessary to assist him in determining whether the applicant is entitled to the license sought;
- (14) If the applicant is a foreign company it shall appoint and maintain the Commissioner as an agent for the service of process on a form prescribed by the Commissioner.

*History Note:* Authority G.S. 58-2-40; 58-35-5(b); 58-35-35; 58-35-45;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002; May 1, 1989;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0304 RENEWAL OF INSURANCE PREMIUM FINANCE LICENSE**

*History Note:* Authority G.S. 58-2-40; 58-35-15(c);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002;  
Repealed Eff. October 1, 2010.

#### **11 NCAC 13 .0305 CANCELLATION OF SURETY BOND**

If the surety bond as specified in G.S. 58-35-15(a) is cancelled for any reason during the period a premium finance company holds a valid license from the Department, the licensee shall be notified in writing by the Commissioner that its license is void until such time as a proper surety bond is received by the Department.

*History Note:* Authority G.S. 58-2-40; 58-35-15(a);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002; May 1, 1989;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

### **11 NCAC 13 .0306 FORMS TO BE APPROVED**

All ten-day notices of intent to cancel forms, cancellation notices, additional premium notices, premium finance agreement revision notices, or all other notices or forms mailed or given to North Carolina insureds shall be filed with the Commissioner for approval. Such forms shall not be used in this state until written approval has been given by the Commissioner.

*History Note: Authority G.S. 58-2-40; 58-35-45;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. May 1, 1989;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0307 CHANGE IN OWNERSHIP OR MANAGEMENT AND IN CERTAIN EMPLOYEES**

Each licensee shall furnish all the following information in writing to the Commissioner within 10 days after the occurrence of the event:

- (1) form DOI-5PF on each stockholder who attains ten percent or more of any class of the licensee's outstanding capital stock;
- (2) form DOI-5PF on each partner, officer or employee acting as office manager or field representative who is employed by the licensee; and
- (3) the name and address of each partner, officer or employee acting as office manager or field representative who is terminated or has his status altered by the licensee.

*History Note: Authority G.S. 58-2-40; 58-35-30(a);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0308 ANALYSIS OF CONTRACTS**

Each person licensed by the North Carolina Department of Insurance under G.S. 58-35-15 shall file a regular report entitled "Analysis of Contracts" with the Commissioner along with the annual renewal application required by G.S. 58-35-15(c). The analysis of contracts shall be a record of the premium finance company's business for the calendar year (January to December) immediately preceding the filing date. The analysis of contracts form shall be supplied by the commissioner and shall include:

- (1) the name and address of the licensee;
- (2) a list of the officers and directors of the licensee;
- (3) the number of contracts written by month;
- (4) the total premium for written contracts by month;
- (5) the total down payment on contracts by month;
- (6) the total principal balance of contracts by month; and
- (7) the total service charges pertaining to written contracts by month.

*History Note: Authority G.S. 58-2-40; 58-35-15; 58-35-30(a);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. March 1, 2012; May 1, 1989;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0309 QUARTERLY REPORT**

*History Note: Authority G.S. 58-2-40; 58-35-30;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. May 1, 1989;  
Repealed Eff. October 1, 2010.*

### **11 NCAC 13 .0310 BOOKS AND RECORDS**

Each licensee shall keep and maintain the following records, separate and apart from any other business, so as to be readily available for inspection by the Commissioner, or an employee designated by the Commissioner:

- (1) a copy of each premium finance agreement entered into by the licensee and all original documents relating thereto; All such records shall have a common identifying number (agreement or contract number);
- (2) an account card, ledger, register, or combination of records containing a summary of each premium finance agreement which shall contain:
  - (a) the date of the agreement;
  - (b) the name of the insured;
  - (c) the identifying number;
  - (d) the principal balance;
  - (e) the amount of service charge;
  - (f) the time balance;
  - (g) number and amount of payments due from the insured;
  - (h) date and amount of payments received from the insured;
  - (i) date and amount of return premium received from an insurance company;
  - (j) date, amount and check number of any refund returned to an insured;
  - (k) date the 10 day written notice of intent to cancel, required under G.S. 58-35-85(1), was mailed to the insured; and
  - (l) copy of form number DOI-6PF, if applicable;
- (3) a copy of any additional balance notice mailed to the insured;
- (4) a copy of any notice of cancellation mailed under G.S. 58-35-85(2);
- (5) such journals, ledgers, check registers, receipt books and all other records as may be necessary to accurately and completely record all financial transactions of the licensee. Such books and records shall be posted up to date at least once each month and shall be used by the licensee in completing the annual statement;
- (6) such other records, books, or accounts as will enable the Commissioner to determine whether the licensee is complying with all the provisions of G.S. 58, Article 35 and these Rules.

*History Note:* Authority G.S. 58-2-40; 58-35-30;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002; May 1, 1989;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

### **11 NCAC 13 .0311 BRANCH OFFICE PERMIT**

An insurance premium finance branch office license shall be required for each location (other than the home office) at which any books, records or files of the licensee are kept. No branch office license shall be required if all records are transmitted to the home office each business day.

*History Note:* Authority G.S. 58-2-40; 58-35-5(e);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

### **11 NCAC 13 .0312 SALE, ASSIGNMENT OR TRANSFER OF PREMIUM FINANCE AGREEMENTS**

A licensee shall not sell or transfer any ownership of any insurance premium finance agreement or power of attorney to cancel an insurance contract unless the terms and conditions of sale or transfer have been approved in writing by the Commissioner. (This is not intended to restrict the sales or transfer of stock certificates.) The Commissioner shall be notified by the licensee at the time any insurance premium finance agreement containing a power of attorney to cancel a contract of insurance is assigned or pledged to a creditor of the licensee.

*History Note:* Authority G.S. 58-2-40; 58-35-40(a);

*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0313      ADDITIONAL BALANCES ADDED TO FINANCE AGREEMENTS**

Any additional balances may be added to a premium finance agreement unless the original or subsequent agreement specifically does not authorize such additions.

*History Note:      Authority G.S. 58-2-40; 58-35-50(a);*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Amended Eff. May 1, 1989;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0314      ADDITIONAL BALANCES ADDED TO FINANCE AGREEMENTS: 60 DAYS**

All additional premiums on insurance contracts or all additional insurance contracts added to a premium finance agreement less than 60 days after the date of the premium finance agreement shall be added as if the additional balance had been known at the time the premium finance agreement was entered into. The additional service charge, if any, shall be the difference between the service charge shown on the premium finance agreement and the amount of service charge that would have been allowed under the licensee's approved rate chart.

*History Note:      Authority G.S. 58-2-40;*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0315      ADDITIONAL BALANCES ADDED TO AGREEMENT AFTER 60 DAYS**

Any additional premiums on insurance contracts or additional insurance contracts added to a premium finance agreement 60 days or more after the date of the agreement (but prior to the expiration of the agreement) may be added with an additional service charge computed on the principal balance at a rate not exceeding twelve dollars (\$12.00) per one hundred dollars (\$100.00) per annum from the inception date of the additional insurance contract or the due date of the additional premium, to and including the date when the final installment of the premium finance agreement is payable. The service charge on an additional balance shall not begin more than 30 days prior to the advance of the additional monies by the premium finance company.

*History Note:      Authority G.S. 58-2-40; 58-35-55;*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Amended Eff. July 1, 1986;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0316      ADDITIONAL BALANCE NOTICE TO INSURED**

When a premium finance agreement provides for the financing of additional balances and such additional balances are added to the agreement by the licensee, a notice of the additional balance shall be mailed to the insured, at his last known address as shown on the agreement, by the licensee. The notice shall be mailed prior to the next payment due date and include an explanation of the amount added, the service charge added, the new balance payable by the insured, the number of payments required, the amount of each payment, the date each payment is due and all other pertinent information.

*History Note:      Authority G.S. 58-2-40;*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Amended Eff. May 1, 1989;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0317 TEN-DAY NOTICE**

The ten-day written notice of intent to cancel as described in G.S. 58-35-85(1) shall include the name and address of the premium finance company, the premium finance agreement number, the date the notice is delivered or sent, and the amount of the installment in default. A copy of the ten-day notice, or a listing of delinquent insureds showing the same general information shall be sent to the insurance agent shown on the premium finance agreement at the same time notice is given to the insured.

*History Note: Authority G.S. 58-2-40; 58-35-85 (1);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 1, 1996; May 1, 1989;  
Temporary Amendment Eff. December 1, 1999;  
Amended Eff. July 1, 2000;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0318 NOTICE OF CANCELLATION**

The notice of cancellation as described in G.S. 58-35-85(2) shall be signed by the owner or an officer of the premium finance company (the owner or officer's facsimile signature may be used), shall have in bold print at its top the wording "Notice of Cancellation" and shall include the name and address of the insured; the name and address of the insurance company; the name and address of the premium finance company; the insurance company policy number; a certification that the ten-days notice of intent to cancel has been furnished to the insured; the authority under which the policy is to be canceled; the date the notice of cancellation is delivered or sent to the insured and to the insurance company; the effective date of cancellation; and a notice stating, "If automobile liability insurance is included, you are cautioned that financial responsibility is required to be maintained continuously throughout the registration period and that operation of a motor vehicle without maintaining such financial responsibility is a misdemeanor, the penalty for which is loss of registration plate, and fine or imprisonment, in accordance with the motor vehicle laws of the State of North Carolina as they may be amended from time to time".

*History Note: Authority G.S. 58-2-40; 58-35-85(2);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. December 1, 1993; September 1, 1991; May 1, 1989; July 1, 1986;  
Temporary Amendment Eff. December 1, 1999;  
Amended Eff. July 1, 2000;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0319 EFFECTIVE DATE OF CANCELLATION**

When an insurance premium finance company cancels an insurance policy by using a power of attorney signed by the insured, the effective date of cancellation as stated in the notice of cancellation shall be no earlier than the date the notice of cancellation is sent to the insurance company.

*History Note: Authority G.S. 58-2-40; 58-35-85(2);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. February 1, 1996; December 1, 1993; September 1, 1991;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **11 NCAC 13 .0320 INSTALLMENT PAYMENTS MADE BY INSURED**

If an insurance premium finance company allows or authorizes an insurance agent, broker or any other representative to accept installment payments from the insured or if the premium finance company accepts installment payments made by the insured from an insurance agent, broker or any other representative, payment to the insurance agent, broker or any other representative shall be considered as payment to the premium finance company as of the date the installment payment was accepted by the insurance agent, broker or any other representative.

*History Note: Authority G.S. 58-2-40; 58-35-50;*

*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0321 SIGHT DRAFT AND CHECK FORMS**

The Department will not approve the use of sight draft or any check forms that are placed in the hands of the insurance agents unless they are made payable only to a licensed or authorized insurance company. Such sight draft or check forms shall not be used unless they have been filed with and written approval given by the Commissioner.

*History Note: Authority G.S. 58-2-40; 58-35-45;*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0322 INSURANCE COMPANY NOTIFIED OF FINANCED POLICY**

The licensee shall give notice to the insurance company affected when an unearned premium has been assigned by the insured. The premium finance company may give the notice directly to the insurance company or instruct and supervise the insurance agent in giving all such notices.

*History Note: Authority G.S. 58-2-40; 58-35-30(a); 58-35-90;*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0323 COMPUTATION OF SERVICE CHARGES**

The service charges as provided in G.S. 58-35-55(c) shall be computed:

- (1) from the inception date of the insurance contract, the premiums for which are advanced or to be advanced under the agreement, to and including the date when the final installment of the premium finance agreement is payable; If the premium finance agreement is executed later than 30 days after such inception date, there shall be deducted from the amount of the service charge an amount which bears the same proportion to the service charge, as the number of days from the 30th day after the policy inception date until the day of execution of the premium finance agreement, bears to the number of days from the policy inception to the date when the final installment of the premium finance agreement is payable. No deduction shall be required under this Paragraph, however, if the amount thereof is less than one dollar (\$1.00);
- (2) from the date the premium finance agreement is executed or any date after the premium finance agreement is executed, to and including the date when the final installment of the premium finance agreement is payable; provided the service charge does not begin prior to the inception date of the insurance contract, the premiums for which are advanced or to be advanced under the agreement.

*History Note: Authority G.S. 58-2-40; 58-35-55;*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Amended Eff. April 8, 2002; May 1, 1989;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0324 DISHONORED CHECKS**

If, for the premium being financed, an insurance agent holds a dishonored check given by the insured as down payment, certification to the premium finance company by the agent that he holds a dishonored check and that the agent agrees to hold the premium finance company harmless shall entitle the premium finance company to make any remittance due the insured to the agent and not to the insured, provided that no remittance of return premium due the insured shall be made to the agent in any amount in excess of the amount of the dishonored check. A copy of the dishonored check shall be submitted to the premium finance company by the agent at the time of certification.

*History Note: Authority G.S. 58-2-40; 58-35-85;*



*Eff. January 1, 1978;*  
*Amended Eff. May 1, 1989; July 1, 1986;*  
*Temporary Amendment Eff. December 1, 1999;*  
*Amended Eff. July 1, 2000;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0325 MULTIPLE CONTRACTS**

When a contract or series of contracts is written by more than one agent, or when the contracts are written and dated 60 days or more apart, or when the insured expressly requests, in writing, separate contracts, there is a presumption that the insurance agent or insurance premium finance company did not induce an insured to become obligated under more than one insurance premium finance agreement to earn additional fees.

*History Note: Authority G.S. 58-2-40; 58-35-30(a); 58-35-55(e); 58-35-90;*  
*Eff. May 1, 1989;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0326 PREMIUM FINANCE AGREEMENT TYPE STANDARD**

The printed portion of each original premium finance agreement shall be in eight point type. An inadvertent change in the type size caused by facsimile or other electronic transmission, copying, or other means is not a violation of this Rule.

*History Note: Authority G.S. 58-2-40; 58-35-50;*  
*Temporary Adoption Eff. December 1, 1999;*  
*Eff. July 1, 2000;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

### **SECTION .0400 - MOTOR CLUBS**

#### **11 NCAC 13 .0401 APPLICATION FORM FOR MOTOR CLUBS**

The form entitled "Application for Motor Club License" shall include general interrogatories concerning the corporate structure, employees, past business experience, address, proposed services and plan of operation of the applicant as well as other pertinent information, including the nature of the business structure if the motor club is not a corporation.

*History Note: Authority G.S. 58-2-40; 58-69-10; 58-69-20(5);*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0402 MOTOR CLUB LICENSE RENEWAL FORM**

A "Motor Club License Renewal Application" shall include the name and address of the motor club, date of cancellation of the license if the application is not received by the Division, the proper license fee, instructions for the completion and return of the application, and other pertinent information.

*History Note: Authority G.S. 58-2-40; 58-69-15; 58-69-20(5);*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0403 MOTOR CLUB LICENSING PROCEDURES**

(a) Applicants must meet minimum qualifications as set forth in G.S. 58, Article 69.

(b) Applicants must submit a properly completed "Application for Motor Club License" to the Division. The following items shall be attached to and made a part of the application:

- (1) a duly authenticated copy of the applicant's articles of incorporation, together with all amendments and supplements thereto;
- (2) a duly authenticated copy of the applicant's constitution and by-laws;

- (3) if the applicant is a foreign corporation, a copy of the certificate of authority to transact business in this state issued by the North Carolina Secretary of State;
- (4) copies of all membership solicitation material, insurance certificates, membership cards, emblems, service contracts and any other material supplied to members or prospective members by the applicant;
- (5) a current audited financial statement of the applicant, proposed by a certified public accountant or by a qualified independent accountant who is engaged in the public practice of accounting, not more than three months prior to the date the application is submitted to the Department of Insurance;
- (6) a surety bond or deposit of securities as specified in G.S. 58-69-10;
- (7) a complete summary of the applicant's plan of operation in the State of North Carolina;
- (8) a check in the amount of the license fee as specified in G.S. 58-69-10 (made payable to the North Carolina Department of Insurance); and
- (9) such other data and information as the Commissioner of Insurance may deem reasonably necessary to enable him to determine, in accordance with the provisions of G.S. 58-69-15, whether or not a license should be issued to the applicant.

*History Note:* Authority G.S. 58-2-40; 58-69-10; 58-69-20(4), (5);  
 Eff. February 1, 1976;  
 Readopted Eff. January 1, 1978;  
 Amended Eff. April 8, 2002;  
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0404 RENEWAL OF MOTOR CLUB LICENSE**

- (a) The Division will mail to each licensed motor club a "Motor Club License Renewal Application."
- (b) Each motor club shall complete the application and return it to the Division by the date specified on the form. The following items shall be attached to and made a part of the application:
- (1) a current audited financial statement of the motor club, proposed by a certified public accountant or by a qualified independent accountant who is engaged in the public practice of accounting;
  - (2) an alphabetical listing of all persons authorized to sell memberships for the motor club in the State of North Carolina;
  - (3) a list of all district or branch office locations in North Carolina and the name of each district or branch office manager in this state;
  - (4) a check made payable to the North Carolina Department of Insurance for the proper fee specified in G.S. 58-59-10.
- (c) Bonds must be in force at the time of renewal, where applicable.

*History Note:* Authority G.S. 58-2-40; 58-69-15; 58-69-20(5);  
 Eff. February 1, 1976;  
 Readopted Eff. January 1, 1978;  
 Amended Eff. April 8, 2002;  
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0405 SURETY BOND**

The surety bond described in G.S. 58-69-10 shall be executed on the Bond-MC form supplied by the Commissioner of Insurance and shall be completed and executed in accordance with the laws of North Carolina governing surety bonds by a surety company authorized to transact business in this state.

*History Note:* Authority G.S. 58-2-40; 58-69-20(5);  
 Eff. February 1, 1976;  
 Readopted Eff. January 1, 1978;  
 Amended Eff. October 1, 2010; April 8, 2002;  
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0406 USE OF CREDIT CARDS PROHIBITED**

*History Note:* Authority G.S. 66-49.13(5); 58-61.2;

*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Temporary Repeal Eff. December 1, 1999;*  
*Repealed Eff. July 1, 2000.*

**11 NCAC 13 .0407 CLAIM REGISTER TO BE MAINTAINED**

Each motor club must maintain a current "claims register" which shall include the date each claim for benefits under a motor club membership is received by the motor club, the claimant's name, the claimant's address, the amount of the claim, motor club certificate number under which the claim is made, the disposition of the claim, including the amount paid, and a notation concerning the reason any claim is denied.

*History Note: Authority G.S. 58-2-40; 58-69-20(5);*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0408 RESERVE TO BE MAINTAINED**

Each motor club shall maintain a constant reserve of assets, for the benefit of the motor club members who have paid membership fees in advance or when the motor club has a liability under any motor club membership. The reserve shall be maintained under such conditions and in such amounts as the Commissioner may reasonably require to assure the prompt payment of all just claims under any membership contract issued by the motor club.

*History Note: Authority G.S. 58-2-40; 58-69-20(5);*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0409 MOTOR CLUB NOT AN INSURANCE COMPANY**

No motor club nor any officer, director or employee of the motor club shall imply to anyone that the motor club is an insurance company or that it is in any way engaged in the insurance business.

*History Note: Authority G.S. 58-2-40; 58-69-20(5);*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

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

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

*History Note: Authority G.S. 58-2-40; 58-69-20(5);*  
*Eff. February 1, 1976;*  
*Readopted Eff. January 1, 1978;*  
*Amended Eff. April 8, 2002; July 1, 1986;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0411 NOTICE TO COMMISSIONER**

Each corporate motor club licensee shall advise the Commissioner in writing within ten days of:

- (1) the name and resident address of each new stockholder owning ten percent or more of any class of outstanding capital stock of the motor club;
- (2) each director or officer who terminates or alters his status with the motor club;

- (3) the name and address of each person who becomes an officer or director of the motor club; and
- (4) each new employee hired to act as a salesman, representative or agent.

*History Note:* Authority G.S. 58-2-40; 58-69-20(5);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

## **SECTION .0500 - BAIL BONDSMEN AND RUNNERS**

### **11 NCAC 13 .0501 APPLICATION FOR BAIL BONDSMEN OR RUNNER LICENSE**

A form entitled "Bail Bondsman Application" shall include general interrogatories relating to applicant's qualifications, residence, prospective place of business, past business experience, and all other pertinent information.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a); 58-71-40;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. May 1, 1989;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

### **11 NCAC 13 .0502 BAIL BONDSMEN OR RUNNER RENEWAL FORM**

The "Bail Bondsman Renewal Application" shall include the name and address of applicant, date of cancellation of the license if the application is not received by the Division, the amount of the proper fee, instructions for the completion and return of the application and other pertinent information.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a); 58-71-40;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

### **11 NCAC 13 .0503 BAIL BONDSMAN OR RUNNER LICENSING PROCEDURES**

(a) Applicants must meet minimum qualifications as stated in G.S. 58, Article 71.

(b) Applicants must submit a properly completed "Bail Bondsman Application" to the Division. The following items where applicable shall be attached to and made a part of the application:

- (1) a certified copy of the power of attorney given to a runner applicant by the professional bondsman for whom he will sign bonds;
- (2) a properly completed power of attorney as set forth in G.S. 58-71-155 if the applicant will make a security deposit with the Commissioner of Insurance;
- (3) if the applicant will be employed by another bail bondsman, a sworn statement as set forth in G.S. 58-71-65;
- (4) a complete set of the applicants fingerprints certified by an authorized law enforcement officer in compliance with G.S. 58-71-50;
- (5) a security deposit as required under G.S. 58-71-145;
- (6) check in the amount of the license fee as specified in G.S. 58-71-55 (made payable to the North Carolina Department of Insurance);
- (7) check in the amount of the examination fee as specified in G.S. 58-71-70;
- (8) such other data and information as the Commissioner of Insurance may deem reasonably necessary to assist him in determining whether or not the applicant is entitled to the license sought.

*History Note:* Authority G.S. 58-2-40; 58-71-40; 58-71-5(a); 58-71-50;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

## **11 NCAC 13 .0504 RENEWAL OF BAIL BONDSMAN OR RUNNER LICENSE**

*History Note:* Authority G.S. 58-2-40; 58-71-5(a); 58-71-75;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002; July 1, 1989;  
Expired Eff. July 1, 2016 pursuant to G.S. 150B-21.3A.

## **11 NCAC 13 .0505 BAIL BOND CERTIFICATION SEAL**

No professional bail bondsman or his duly appointed runner shall sign a bail bond unless he affixes thereto a "certification seal." The certification seal shall be affixed to the bail bond in the space provided for it on the bail bond form supplied by the Administrative Office of the Courts. Certification seals will be supplied to the professional bondsman by the Commissioner of Insurance upon request. Each certification seal shall bear the wording "North Carolina Department of Insurance" and an identifying number.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

## **11 NCAC 13 .0506 BAIL BOND REGISTER**

Each professional bail bondsman shall keep at his place of business a bail bond register which shall be a numerically ordered listing of each certification seal used by the professional bail bondsman or his duly appointed runner. The bail bond register shall contain the certification seal number, the name of the principal for whom the bond was signed, the county in which the bond was signed, the amount of the bond, the amount of the fee charged by the professional bail bondsman or his duly appointed runner and the number of the receipt given for amount of the fee charged by the bail bondsman. The bail bond register shall be kept up to date daily by the professional bondsman.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a);  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

## **11 NCAC 13 .0507 SECURITY DEPOSIT BY PROFESSIONAL BONDSMAN**

(a) The first five thousand dollars (\$5,000) of the security deposit required under G.S. 58-71-145 shall be certificates of deposit from a North Carolina bank or savings and loan association of the professional bondsman's choice or other negotiable securities satisfactory to the Commissioner. Such certificates of deposits or other securities received by the North Carolina Department of Insurance will be transferred to a master trust bank pursuant to G.S. 58-5-1. The registration of such securities should read as follows: "(Name of Master Trust Bank) as custodian for the North Carolina Department of Insurance for the benefit of (Name of Professional Bondsman)."

(b) Security over and above the first five thousand dollars (\$5,000) may consist of bonds of the United States or the State of North Carolina, and other negotiable securities upon review and approval by the Commissioner of Insurance.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a); 58-71-145;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002; May 1, 1988; September 14, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

## **11 NCAC 13 .0508 STOCKS OR BONDS AS SECURITY**

When stocks or bonds are submitted to the Commissioner of Insurance by a professional bondsman as security deposit and are found satisfactory by the Commissioner, the professional bail bondsman shall sign and deliver to the Commissioner, in addition to the power of attorney specified in G.S. 58-71-155, an "irrevocable stock or bond power" on forms supplied by the Commissioner. The irrevocable stock or bond power shall contain a description of the stocks or bonds being deposited as security and a statement that the professional bondsman sells, assigns, and transfers the stocks

or bonds to the (Name of the Master Trust Bank) as custodian for the North Carolina Department of Insurance for the benefit of (Name of Professional Bondsman). When satisfactory bonds are submitted to the Commissioner by a professional bail bondsman, the Commissioner will accept 80 percent of the fair market value of such bonds as the amount of security furnished. When satisfactory stocks are submitted by a professional bail bondsman, the Commissioner will accept 60 percent of the fair market value of such stocks as the amount of security furnished.

*History Note:* Authority G.S. 58-2-40; 58-5-1; 58-71-5(a); 58-71-145;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. April 8, 2002; May 1, 1988;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0509 REAL ESTATE AS SECURITY**

*History Note:* Authority G.S. 85C-2(a); 85C-30;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Repealed Eff. August 1, 1985.

#### **11 NCAC 13 .0510 MULTIPLE CHARGES AGAINST A SINGLE DEFENDANT**

*History Note:* Authority G.S. 85C-2(a); 85C-36;  
Eff. February 1, 1976;  
Readopted Eff. January 1, 1978;  
Repealed Eff. September 1, 1991.

#### **11 NCAC 13 .0511 LICENSED PROFESSIONAL BONDSMAN AFFIDAVIT OF SURETY**

Licensed professional bail bondsmen must file with the clerk of court having jurisdiction over the principal, an affidavit on a form furnished by the Administrative Office of the Courts (number AOC-L Form 277 or its successor) entitled "Affidavit of Surety (Bondsman)."

The affidavit shall include, but not be limited to:

- (1) a statement that he has not, nor has anyone for his use, been promised or received any collateral, security or premium for executing this appearance bond; or
- (2) if promised a premium, the amount of the premium promised and the due date; or
- (3) if he has received a premium, the amount of premium received shall be entered; or
- (4) if given collateral security the name of the person from whom it is received, and the nature and amount of the collateral security shall be listed in detail; or
- (5) any applicable combination of the above.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a);  
Eff. August 1, 1976;  
Readopted Eff. January 1, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0512 COLLATERAL SECURITY REQUIRED BY BONDSMEN**

(a) The collateral security required by bail bondsmen shall be reasonable in relation to the amount of the bond in that any collateral security (including personal property, real property, indemnity agreement and guarantee) received by such licensee shall not, in the aggregate, exceed the amount of the bond.

(b) Any collateral security shall be returned to the person who deposited it with the bail bondsman immediately after the obligation, the satisfaction of which was secured by the collateral, is discharged.

(c) Any bail bondsman or runner who receives collateral security shall hold such collateral security in trust. No indemnity agreement or other security received as collateral security for a bond shall contain any provision whereby any liability or obligation under such agreement extends beyond the termination of liability under the bond.

- (d) If the bondsman's liability is reduced at any time and for any reason, the collateral security and all obligations under collateral indemnity agreements or guarantees shall be reduced to the same extent that the liability under the bond was reduced, and any excess thereof shall be immediately returned to the depositor of the security.
- (e) No indemnity agreement or other security agreement taken as collateral for bonds shall include any provision for the payment of interest or other additional fees or charges.
- (f) All persons who sign any type of indemnity agreement or other type of security agreement to be used as collateral shall be furnished by the bondsman or runner with a copy of such agreement.
- (g) The provisions of this Section relating to indemnity agreements or other security agreements apply to all such agreements whether set forth on the face of the bond or contained in a separate agreement.
- (h) All indemnity agreements or other security agreements shall be considered as collateral security and shall be listed and described on the form provided by the Administrative Office of the Courts (Form AOC-CR-201 or its successor) entitled "Appearance Bond for Pretrial Release."
- (i) Upon any modification or alteration of the collateral security, the bondsman shall comply with the provisions of 11 North Carolina Administrative Code 13 .0513.
- (j) All agreements and contracts with defendants or anyone on behalf of the defendant, shall have a form number and the license number of the bail bondsman printed thereon and shall be submitted to the Department for approval according to the standards in these Rules. No such agreements or contracts shall be used by the licensee until written approval has been given by the Department.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a); 58-71-95; 58-71-100;  
Eff. August 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. March 1, 2011; October 1, 2010; September 14, 1978;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0513 ALTERATION OF AFFIDAVIT OF SURETY**

Upon any modification or alteration of the collateral security, the bondsman shall execute a written amendment to the Affidavit of Surety setting forth the details of such modification or alteration. A copy of any such amendment shall be furnished to the principal and the person furnishing the collateral security or premium, and a copy shall be on file in the office of the bondsman.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a);  
Eff. August 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0514 COLLATERAL SECURITY RETURNED ON TERMINATION OF LIABILITY**

*History Note:* Authority G.S. 85C-2(a);  
Eff. August 1, 1976;  
Readopted Eff. January 1, 1978;  
Amended Eff. May 1, 1989;  
Repealed Eff. July 1, 2000.

#### **11 NCAC 13 .0515 RECEIPT FOR ALL FEES**

Whenever a fee is received by a bail bondsman a receipt shall be furnished to the defendant. Copies of all receipts issued shall be kept by the bail bondsman. All receipts issued must:

- (1) be prenumbered by the printer and used and filed in consecutive numerical order,
- (2) show the name and address of the bail bondsman,
- (3) show the amount and date paid,
- (4) show the name of the person accepting payment,
- (5) show the total amount of the bond for which the fee is being charged and the name of the defendant.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a);

*Eff. January 1, 1978;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0516 SURETY BONDSMEN LICENSING PROCEDURES**

*History Note: Authority G.S. 58-2-40; 58-71-5(a);*  
*Eff. July 1, 1986;*  
*Amended Eff. April 8, 2002;*  
*Repealed Eff. October 1, 2010.*

#### **11 NCAC 13 .0517 TERMINATION OF RUNNER BY SURETY**

A bail bondsman terminating the appointment of a runner shall file, within five days from the date of termination, a written notice thereof with the Commissioner. In addition to the notice requirements set forth in G.S. 58-71-125, the notice shall also include a revocation of the power of attorney.

*History Note: Authority G.S. 58-2-40; 58-71-5(a);*  
*Eff. May 1, 1989;*  
*Amended Eff. April 8, 2002;*  
*Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

#### **11 NCAC 13 .0518 CONTINUING EDUCATION**

*History Note: Authority G.S. 58-2-40; 58-71-71(f);*  
*Eff. July 1, 1994;*  
*Repealed Eff. July 1, 2000.*

#### **11 NCAC 13 .0519 FINGERPRINTS REQUIRED FOR CRIMINAL RECORD CHECKS**

(a) The following individuals shall furnish the Commissioner with a complete set of fingerprints as authorized by G.S. 58-71-51:

- (1) An applicant for an initial professional bail bondsman, surety bail bondsman, or runner license;
- (2) A licensed professional bail bondsman, surety bail bondsman, or runner applying for another type professional bail bondsman, surety bail bondsman, or runner license;
- (3) A professional bail bondsman, surety bail bondsman, or runner license applicant applying for reinstatement of a license that has lapsed or expired;
- (4) A professional bail bondsman, surety bail bondsman, or runner license applicant who has been disqualified in any manner under Chapter 58;
- (5) A professional bail bondsman, surety bail bondsman, or runner license applicant whose license has been suspended or revoked for non-payment of child support pursuant to G.S. 110-142.1; and
- (6) A licensed professional bail bondsman, surety bail bondsman, or runner submitting a renewal application in an even-year pursuant to G.S. 58-71-75.

(b) As authorized by G.S. 58-71-51, fingerprints shall be furnished in the following manner:

- (1) Each applicant shall have a complete set of their fingerprints electronically captured by a criminal law enforcement agency approved by the State Bureau of Investigation to submit fingerprints via electronic means;
- (2) The Electronic Fingerprint Submission Release of Information Form that has been completed and certified by a law enforcement officer that the applicant's fingerprints have been submitted via electronic means to the SBI shall be submitted with the application;
- (3) The Authority For Release of Information form required by the SBI to release the criminal history record check information to the Department shall be submitted with the application;
- (4) The cost for the state and national criminal history record fee that is set forth pursuant to G.S. 114-19.1(a) shall be submitted with the application; and
- (5) All fingerprint impressions must be suitable for use by the SBI to conduct a state criminal history record check and for the Federal Bureau of Investigations (FBI) to conduct a national criminal history record check. If the SBI deems the electronic fingerprints are not suitable, the Commissioner shall



notify the applicant and provide instructions for them to resubmit their fingerprints in the manner set forth in Subparagraph (1) of this Paragraph within 30 days.

(c) The professional bail bondsman, surety bail bondsman, or runner initial or renewal license application is not complete until the Department receives the state and national criminal history record information. In accordance with G.S. 58-71-50 and 58-71-75, the Commissioner shall not issue a license to a professional bail bondsman, surety bail bondsman, or runner license applicant who does not satisfy the initial and renewal license application requirements.

*History Note:* Authority G.S. 58-2-40; 58-71-50; 58-71-51; 58-71-75;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

## **11 NCAC 13 .0520 PRELICENSING EDUCATION: DEFINITIONS FOR BAIL BOND PRELICENSING AND CONTINUING EDUCATION**

As used in this Section, unless the context indicates otherwise:

- (1) "Agent Services Division" or "Division" means the Agent Services Division of the North Carolina Department of Insurance, the Division responsible for the licensing, education and regulation of professional bail bondsmen, surety bail bondsmen, and bail bond runners.
- (2) "Bail bond continuing education" means instruction in subjects related to the duties and responsibilities of a runner or a bail bondsman.
- (3) "Bail bond continuing education credit or "BCEC" means a value assigned to a course by the Commissioner after review and approval of course information. This terms means the same as "hours of continuing education" as used in G.S. 58-71-71(b).
- (4) "Certificate Of Course Completion" means a document from the approved bail bond pre-licensing or continuing educational provider certifying that the applicant has met the requirements of pre-licensing or continuing education.
- (5) "Compliance year" means the annual license period running from July 1 to June 30 in which the licensee is required to complete three hours of BCEC pursuant to G.S. 58-71-71(b).
- (6) "Course" means a continuing education course directly related to bail bond principles and practices.
- (7) "Instructor" means an individual who meets the qualifications required by 11 NCAC 13 .0542; teaches, lectures, leads, or otherwise instructs a course; and is responsible for the preparation and presentation of lesson plans to that school's students.
- (8) "Instructional hour" means a 50 minute hour in the classroom.
- (9) "Licensee" means a licensed professional bail bondsman, surety bail bondsman or runner.
- (10) "Outline" means the content outline prepared and published by the Department that summarizes the specific bail bond subject areas on which the professional bail bondsman, surety bail bondsman or runner license examination is based.
- (11) "Professional Testing Service" or "Service" means the organization specializing in the development and administration of licensing examinations on a contract basis for the Department.
- (12) "Provider" means an entity that provides prelicensing or continuing education approved by the Department.
- (13) "State Licensing Examination" or "Examination" means a collection of questions designed to test the professional bail bondsman, surety bail bondsman, or runner license knowledge of the basic concepts, principles and laws relevant to the bail bond profession to determine his competence to be licensed in North Carolina.

*History Note:* Authority G.S. 58-2-40; 58-71-5(a); 58-71-70; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

## **11 NCAC 13 .0521 BAIL BOND MONTHLY REPORT**

A professional bail bondsman shall file the written report required by G.S. 58-71-165 electronically with the Commissioner or the Commissioner's designee.

*History Note:* Authority 58-2-40; 58-2-250; 58-71-165;  
Eff. October 1, 2010;

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

**11 NCAC 13 .0522 CONTINUING EDUCATION REQUIREMENTS**

- (a) Each person holding a professional bail bondsman, surety bail bondsman or runner's license shall obtain three hours of continuing education pursuant to G.S. 58-71-71(b).
- (b) An instructor shall receive the maximum BCEC awarded to a student for the course.
- (c) Licensees shall maintain records of all BCECs for five years after obtaining the BCEC, and shall make them available for inspection by the Commissioner upon request.
- (d) A licensee is exempt from the requirements of this Rule if the licensee provides proof of one of the following:
  - (1) active military service; or
  - (2) he or she is in compliance with G.S. 58-71-71(c).
- (e) Courses completed before the issue date of a new license do not meet the requirements of this Section for that new license.
- (f) No BCEC shall be given for courses taken before they have been approved by the Commissioner.

*History Note: Authority G.S. 58-2-40; 58-2-185; 58-2-195; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0523 QUALIFICATION FOR BCEC**

- (a) The Commissioner shall award one BCEC for each instructional hour.
- (b) Courses shall not be approved for less than one BCEC.
- (c) Course providers shall monitor participants for attendance and ensure that licensees complete the BCEC hours approved by the Commissioner. Participants shall not read any material other than related to the course during instructional hours or use any electronic devices such as cell phones, laptops, computers other than what is provided by the instructor as part of the curriculum of the course.
- (d) The licensee shall attend 100 percent of the course for BCEC.

*History Note: Authority G.S. 58-2-40; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0524 BCEC EXTENSION OF TIME: HARDSHIP**

- (a) A licensee may request in writing to the Commissioner an extension of time in which to complete BCEC if the request is made 45 days prior to the expiration date of the license.
- (b) The Commissioner shall deny or grant the requested extension no later than 30 days prior to the expiration date of the license.

*History Note: Authority G.S. 58-2-40; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0525 RESERVED FOR FUTURE CODIFICATION**

**11 NCAC 13 .0526 APPROVAL OF BCEC COURSES**

- (a) Providers of all courses shall file with the Commissioner copies of program catalogs, course outlines and copies of advertising literature before the course is approved pursuant to G.S. 58-71-71(d).
- (b) A provider shall submit course attendance records electronically within 15 business days after course completion.
- (c) An error on the licensee's record that is caused by the provider in submitting the course attendance records shall be resolved by the provider within 15 days after the discovery of the error by the provider.

*History Note: Authority G.S. 58-2-40; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0527            RESERVED FOR FUTURE CODIFICATION**

**11 NCAC 13 .0528            SANCTIONS FOR BCEC NONCOMPLIANCE BY LICENSEES, COURSE PROVIDERS AND INSTRUCTORS**

(a) The Commissioner shall proceed with administrative action under G.S. 58-71-80 against a professional bail bondsman, surety bail bondsman or runner licensee for any of the following causes:

- (1) Failing to respond to Department inquiries, including continuing education audit requests, within seven calendar days after the receipt of the inquiry or request;
- (2) Requesting an extension of time to complete BCEC under false pretenses; or
- (3) Refusing to cooperate with Department employees in an investigation or inquiry.

(b) The Commissioner shall summarily suspend or terminate the provider or instructor's certificate of authority to provide or instruct a course for any of the following causes:

- (1) Advertising that a course is approved before the Commissioner has granted such approval in writing;
- (2) Submitting a course outline with material inaccuracies, either in length, presentation time, or topic content;
- (3) Presenting or using materials in a course that were not previously filed with the Commissioner pursuant to 11 NCAC 13 .0526(a);
- (4) Failing to conduct a course for the full time specified in the approval request submitted to the Commissioner;
- (5) Preparing and distributing certificates of attendance or completion before the course has been approved;
- (6) Issuing certificates of attendance or completion before the completion of the course;
- (7) Failing to issue certificates of attendance or completion to any licensee who satisfactorily completes a course;
- (8) Failing to notify the Commissioner in writing of suspected or known violations of the North Carolina General Statutes or Administrative Code within 30 days after becoming aware of the violations;
- (9) Failing to comply with the rules in this Section or violating G.S. 58-71-80 and G.S. 58-71-95;
- (10) Failing to monitor attendance and ensure that licensees complete the course hours approved by the Commissioner; or
- (11) Preparing and distributing fraudulent certificates of attendance or completion.

(c) Course providers and instructors are responsible for the activities of persons conducting, supervising, instructing, proctoring, monitoring, moderating, facilitating, or in any way responsible for the conduct of any of the activities associated with the course.

(d) Upon a finding of a violation of this rule the Commissioner shall require the violator to:

- (1) Refund all course tuition and fees to licensees;
- (2) Provide licensees with a course to replace the course that was found in violation; or
- (3) Cease all courses offered by the provider or instructor.

*History Note: Authority G.S. 58-2-40; 58-71-71; 58-71-72;  
Eff. November 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.*

**11 NCAC 13 .0529            RESERVED FOR FUTURE CODIFICATION**

**11 NCAC 13 .0530            ISSUANCE OF AND CONTINUATION BCEC OF PROVIDER APPROVAL**

(a) Any individual or entity intending to provide classes, seminars, or other forms of instruction as approved courses shall submit:

- (1) an application provided by the Commissioner for provider approval; and
- (2) an application provided by the Commissioner for course approval.

(b) The Commissioner shall provide any potential course provider who is denied approval a written explanation for the denial.

(c) Any provider receiving a provider approval denial has 15 business days from the date of the denial to respond to the denial.

(d) Providers shall retain continuing education records for five years and shall provide these records upon request to the Commissioner.

*History Note:* Authority G.S. 58-2-40; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

**11 NCAC 13 .0531 RESERVED FOR FUTURE CODIFICATION**

**11 NCAC 13 .0532 EXAMINATIONS: SPECIAL ACCOMMODATIONS (AMERICANS WITH DISABILITIES ACT)**

An individual with a physical disability may have special assistance from other individuals acting as readers or recorders for the state licensing examination. Applicants requiring special assistance shall request the assistance from the professional testing service before registration for the examination. Verification of handicaps and a statement of all assistance needed shall be included at the time of application.

*History Note:* Authority G.S. 58-2-40; 58-71-70;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

**11 NCAC 13 .0533 SCHEDULE OF EXAMINATIONS**

The Division shall publish or cause to have published the current schedules of state professional bail bondsman, surety bail bondsman, and runner examinations. The schedules shall include day, time and location of each examination.

*History Note:* Authority G.S. 58-2-40; 58-71-70;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

**11 NCAC 13 .0534 CERTIFICATE OF COURSE COMPLETION**

A Certificate of Course Completion shall be signed by an approved preclicensing provider or instructor indicating that the applicant has completed the mandatory preclicensing education requirements as specified in G.S. 58-71-71. Certificates of Course Completion expire six months from issuance.

*History Note:* Authority G.S. 58-2-40; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

**11 NCAC 13 .0535 EXAMINATION AUTHORIZATION LETTER**

After review of the professional bail bondsman, surety bail bondsman, or runner license application and verification the applicant meets the qualifications for licensure as prescribed by G.S. 58-71-50 and has submitted license fees as specified in G.S. 58-71-55, the Division shall issue an Examination Authorization Letter which allows the professional bail bondsman, surety bail bondsman, and runner license applicant to make a reservation to sit for the bail bond examination. The Examination Authorization letter is valid for 30 days from date of issuance.

*History Note:* Authority G.S. 58-2-40; 58-71-70; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

**11 NCAC 13 .0536 RESPONSIBILITY OF APPLICANT AT EXAMINATION SITE**

(a) Professional bail bondsman, surety bail bondsman, or runner license applicants shall bring to the examination site the Examination Authorization letter issued by the Division, the confirmation numbers obtained from the testing service at the time of examination reservation, and two forms of proof of identity, one of which shall be photo bearing.

(b) Applicants are allowed to bring the following examination supplies to the examination site:

- (1) a simple function calculator;
- (2) pens; and
- (3) pencils.

- (c) No applications shall be supplied at the examination site for completion by applicants and no supplies as described in Paragraph (b) of this Rule shall be furnished to applicants at the examination site.
- (d) Applicants shall arrive at the examination site at the time specified in the examination schedule.

*History Note:* Authority G.S. 58-2-40; 58-71-70; 58-71-7;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0537 ADMINISTRATION OF EXAMINATION**

- (a) Professional bail bondsman, surety bail bondsman, or runner license applicants may use a simple function calculator during the examination.
- (b) Applicants shall not take cellular telephones, textbooks, other books or papers into the examinations. Applicants found to have any of these materials shall not be allowed to continue the examination.
- (c) Applicants may leave the examination room only after obtaining permission from the examination proctors and handing in exam materials. No extra time shall be allowed for completing the examination.
- (d) Any applicant who gives or receives assistance during the examination shall turn in all exam materials and leave the room. Under these circumstances, the applicant's answer sheet shall not be scored and information regarding the giving of assistance shall be reported by the proctors to the Commissioner.

*History Note:* Authority G.S. 58-2-40; 58-71-70; 58-71-71;  
Eff. October 1, 2010;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

#### **11 NCAC 13 .0538 RESERVED FOR FUTURE CODIFICATION**

#### **11 NCAC 13 .0539 BAIL BOND PRELICENSING EDUCATION PROVIDER**

- (a) This Rule applies to all bail bond prelicensing providers offering a prelicensing course prescribed by G.S. 58-71-71. All providers desiring to conduct a prelicensing course shall be approved and issued a certificate of authority by the Commissioner before commencement of the courses.
- (b) A provider seeking approval to conduct a prelicensing course shall make written application to the Commissioner for a certificate of authority.
- (c) The Division shall approve a provider when:
  - (1) the provider has submitted all information required by the rules in this Section;
  - (2) the course to be conducted complies with Rule 11 NCAC 13 .0541 of this Section; and
  - (3) the provider has a qualified instructor to teach bail bonding for which it is seeking approval.
- (d) The Commissioner shall deny, revoke, suspend, or terminate approval of any provider upon finding that:
  - (1) the provider has failed to comply with any of the provisions of this Section;
  - (2) any provider official or instructor has obtained or used, or attempted to obtain or use, in any manner or form, licensing examination questions for the state exam;
  - (3) the provider has not conducted at least one prelicensing course during any 12-month period; or
  - (4) the provider has refused or failed to submit information or forms prescribed by the rules in this Section.
- (e) In all proceedings to deny, revoke, suspend, or terminate the certificate of authority of a provider, the provisions of Chapter 150B of the General Statutes are applicable.
- (f) When a provider's approval is discontinued, the procedure for reinstatement is to apply as a new provider, with a statement of the reasons that the provider is now eligible for reconsideration.
- (g) If a provider's approval has been suspended upon the Commissioner's finding that the provider has not conducted at least one prelicensing course during any 12-month period, that provider may reapply after one year of suspension. At such time, the Commissioner shall give the provider six months to conduct at least one prelicensing course.
- (h) A provider shall notify the Commissioner in writing of any change of course location or schedule information no fewer than five business days before the change.
- (i) A provider shall notify the Commissioner in writing of a change of textbook prior to use in an approved prelicensing course.

(j) An approved provider may use, for advertising or promotional purposes, examination performance data made available to the provider by the Commissioner, provided that any data disclosed by the provider shall be accurate, shall be presented in a manner that is not misleading, and shall:

- (1) be limited to the annual examination performance data for the particular provider and for all examination candidates in the State; and
- (2) include the type of examination, the time period covered, the number of candidates examined, and either the number or percentage of candidates passing the examination.

(k) A provider's facilities and equipment shall have been found by appropriate local building code inspectors to be in compliance with all applicable local, State and federal laws and regulations regarding safety, sanitation, and access by persons with disabilities.

(l) The provider is responsible for administrative matters such as recruiting instructors, evaluating and certifying the qualifications of instructors, developing educational programs, scheduling of classes, advertising, maintaining facilities and equipment, recordkeeping and supervising of the prelicensing program.

(m) A provider shall publish and provide to all prelicensing students before enrollment a publication that contains the following information:

- (1) name of provider and publication date;
- (2) name of sponsor;
- (3) all associated costs; and
- (4) an outline or description of all prelicensing courses offered.

(n) A provider shall file with the Commissioner a report that sets forth the exact dates, times, locations, and instructor name for each scheduled prelicensing course. This information shall be submitted at the beginning of each quarter or semester before the first class meeting of each prelicensing course.

(o) Providers shall retain the following material on file at one location for at least five years:

- (1) class schedules;
- (2) advertisements;
- (3) bulletins, catalogues, and other official publications;
- (4) grade reports, showing a numeric grade for each student;
- (5) attendance records;
- (6) master copy of each comprehensive course examination, indicating the answer key course location, course dates and name of instructor;
- (7) list of student names and the name of the instructor; and
- (8) student registration information.
- (9) All files shall be made available to the Commissioner upon request.

(p) In the event of illness, injury or death of an instructor, the provider may use another instructor to complete a course.

*History Note: Authority G.S. 58-2-40; 58-2-40, 58-71-71;*

*Eff. October 1, 2010;*

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

## **11 NCAC 13 .0540      RESERVED FOR FUTURE CODIFICATION**

### **11 NCAC 13 .0541      BAIL BOND PRELICENSING EDUCATION COURSES**

(a) Providers shall offer no less than 12 instructional hours of prelicensing education.

(b) The following requirements are course standards:

- (1) All courses shall consist of instruction on bail bonding licensing, regulations, procedures for setting bail and forfeiture of bail as set forth in Chapter 58 Article 71 and Chapter 15A Article 26 and 37 of the North Carolina General Statutes.
- (2) Courses may also include coverage of related subject areas not prescribed by the Commissioner; however, such courses must provide additional class time, above the minimum requirement stated in Paragraph (a) of this Rule, for the coverage of such subject areas.
- (3) Prelicensing courses shall be for instructional purposes only and not for promoting the interests of or recruiting employees for any particular bail bond agency or surety insurance company.
- (4) Providers shall establish and enforce academic standards for course completion that assure that students receiving a passing grade possess knowledge and understanding of the subject areas prescribed for the course.

- (5) Providers shall conduct a comprehensive course examination that covers all subject areas prescribed by the Commissioner for each course. Providers may allow a student to make up a missed examination or to retake a failed examination in accordance with policies adopted by the provider. No comprehensive course examination shall be given until a student has completed the instructional requirement as prescribed in Subparagraph (1) of this Paragraph.
- (6) Students shall attend the minimum 12 hours of bail bond instruction set forth in Paragraph (a) of this Rule. Time set aside for breaks, pop-tests, quizzes, the final comprehensive course examination and other non-instructional activities shall not count toward the minimum instructional requirement.
- (c) The following requirements shall be met for scheduling purposes:
  - (1) Class meetings shall not exceed eight hours of instruction in any given day.
  - (2) Classroom courses shall have fixed beginning and ending dates and may not be conducted on an open-entry or open-exit basis.
- (d) The choice of classroom course text is at the discretion of each provider.
- (e) All preclicensing courses shall be taught by instructors who meet the qualifications described in Rule 11 NCAC 13 .0542.
- (f) The following certification of course completion procedures apply:
  - (1) Providers shall validate each student who successfully completes a preclicensing course by issuing a Certificate of Course Completion. The Certificate of Course Completion shall not be validated for a student prior to the student completing all course requirements and passing the course's comprehensive examination; and
  - (2) A Certificate of Course Completion shall be attached to the application for bail bond license(s) and expires six months after issuance. If an applicant does not apply for a license within six months after receiving the Certificate of Course Completion, the applicant must complete the preclicensing education requirements again.

*History Note:* Authority G.S. 58-2-40; 58-2-40, 58-71-71;  
 Eff. October 1, 2010;  
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.

**11 NCAC 13 .0542 BAIL BOND PRELICENSING AND BCEC INSTRUCTORS**

- (a) A person desiring approval as a bail bond preclicensing or BCEC instructor shall make written application to the Commissioner.
- (b) Instructor applicants must be sponsored by a provider seeking to employ the applicant as an instructor. If the employing provider is not currently approved by the Commissioner, an application for preclicensing or BCEC provider approval shall be submitted along with the application for instructor approval.
- (c) The Commissioner shall approve an applicant for a bail bond preclicensing instructor upon finding that the applicant has met the following qualifications:
  - (1) Has not been disqualified in any manner under Chapter 58 of the North Carolina General Statutes; and
  - (2) Has 10 years or more experience in the NC bail bond industry;
- (d) The Commissioner shall approve an applicant for a BCEC instructor upon finding that the applicant has met the following qualifications:
  - (1) Has not been disqualified in any manner under Chapter 58 of the North Carolina General Statutes; and
  - (2) Has five or more total years experience in the following:
    - (A) NC bail bond industry;
    - (B) full time employee of a surety insurance company;
    - (C) NC law enforcement or the judicial system;
    - (D) Skip tracer;
    - (E) Private investigation; or
    - (F) Banking, certified public accountant or other profession related to business management principles.
- (e) Instructor applicants shall submit to a personal interview by the Agent Services Division. A written history of courses taught by the applicant or other documentation is required to verify the applicant's qualifications to instruct approved courses.
- (f) The Commissioner shall deny, summarily suspend, or terminate the approval of an instructor upon finding that:
  - (1) The instructor fails to meet the criteria for approval provided by this Rule;

- (2) The instructor has failed to comply with statutes or rules regarding preclicensing or BCEC courses;
- (3) The instructor provided false information to the Commissioner;
- (4) The instructor has at any time been disqualified under Chapter 58 of the North Carolina Department of Insurance; or
- (5) The instructor has obtained or used, or attempted to obtain or use examination questions, in any manner or form.

(g) In all proceedings to deny, revoke, suspend, or terminate approval of an instructor, the provisions of Chapter 150B of the General Statutes are applicable.

(h) When an instructor's approval is discontinued, the procedure for reinstatement is to apply as a new instructor, with a statement of reasons that he is now eligible for reconsideration. The Commissioner shall perform an investigation before new approval is granted.

*History Note:* Authority G.S. 58-2-40; 58-71-7;  
Eff. October 1, 2010;  
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