

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 826*
Committee Substitute Favorable 5/9/91

Short Title: Increase MV Liability Limits.

(Public)

Sponsors:

Referred to:

April 16, 1991

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE REQUIRED MINIMUM FINANCIAL RESPONSIBILITY FOR PROPERTY DAMAGE AND TO INCREASE OTHER AMOUNTS IN THE MOTOR VEHICLES LAWS THAT ARE DEPENDENT UPON THE AMOUNT OF REQUIRED MINIMUM FINANCIAL RESPONSIBILITY FOR PROPERTY DAMAGE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 20-279.1 reads as rewritten:

§ 20-279.1. Definitions.

The following words and phrases, when used in this Article, shall, for the purposes of this Article, have the meanings respectively ascribed to them in this section, except in those instances where the context clearly indicates a different meaning:

- (1) Repealed by Session Laws 1973, c. 1330, s. 39.
- (2) 'Conviction': A conviction upon a plea of guilty, or of nolo contendere, or the determination of guilt by a jury or by a court though no sentence has been imposed or, if imposed, has been suspended, and it includes a forfeiture of bail or collateral deposited to secure appearance in court of the defendant, unless the forfeiture has been vacated.
- (3) 'Judgment': Any judgment which shall have become final by expiration without appeal of the time within which an appeal might have been perfected, or by final affirmation on appeal,

1 rendered by a court of competent jurisdiction of any state or of the
2 United States, upon a cause of action arising out of the ownership,
3 maintenance or use of any motor vehicle, for damages, including
4 damages for care and loss of services, because of bodily injury to or
5 death of any person, or for damages because of injury to or
6 destruction of property, including the loss of use thereof, or upon a
7 cause of action on an agreement of settlement for such damages.

8 (4) to (6) Repealed by Session Laws 1973, c.
9 1330, s. 39.

10 (7) 'Nonresident's operating privilege': The privilege conferred
11 upon a nonresident by the laws of this State pertaining to the
12 operation by him of a motor vehicle in this State.

13 (8) to (10) Repealed by Session Laws 1973, c.
14 1330, s. 39.

15 (11) 'Proof of financial responsibility': Proof of ability to respond in
16 damages for liability, on account of accidents occurring subsequent to
17 the effective date of said proof, arising out of the ownership,
18 maintenance or use of a motor vehicle, in the amount of twenty-five
19 thousand dollars (\$25,000) because of bodily injury to or death of one
20 person in any one accident, and, subject to said limit for one person, in
21 the amount of fifty thousand dollars (\$50,000) because of bodily injury
22 to or death of two or more persons in any one accident, and in the
23 amount of ~~ten thousand dollars (\$10,000)~~ twenty-five thousand dollars
24 (\$25,000) because of injury to or destruction of property of others in
25 any one accident. Nothing contained herein shall prevent an insurer
26 and an insured from entering into a contract, not affecting third parties,
27 providing for a deductible as to property damage at a rate approved by
28 the Commissioner of Insurance.

29 (12) Repealed by Session Laws 1973, c. 1330, s. 39."

30 Sec. 2. G.S. 20-279.5(c) reads as rewritten:

31 "(c) This section shall not apply under the conditions stated in G.S. 20-279.6 nor:

- 32 (1) To such operator or owner if such owner had in effect at the time of
33 such accident an automobile liability policy with respect to the motor
34 vehicle involved in such accident;
- 35 (2) To such operator, if not the owner of such motor vehicle, if there was
36 in effect at the time of such accident a motor vehicle liability policy or
37 bond with respect to his operation of motor vehicles not owned by
38 him;
- 39 (3) To such operator or owner if the liability of such operator or owner for
40 damages resulting from such accident is, in the judgment of the
41 Commissioner, covered by any other form of liability insurance policy
42 or bond or sinking fund or group assumption of liability;
- 43 (4) To any person qualifying as a self-insurer, nor to any operator for a
44 self-insurer if, in the opinion of the Commissioner from the

1 information furnished him, the operator at the time of the accident was
2 probably operating the vehicle in the course of the operator's
3 employment as an employee or officer of the self-insurer; nor

- 4 (5) To any employee of the United States government while operating a
5 vehicle in its service and while acting within the scope of his
6 employment, such operations being fully protected by the Federal Tort
7 Claims Act of 1946, which affords ample security to all persons
8 sustaining personal injuries or property damage through the negligence
9 of such federal employee.

10 No such policy or bond shall be effective under this section unless issued by an
11 insurance company or surety company authorized to do business in this State, except
12 that if such motor vehicle was not registered in this State, or was a motor vehicle which
13 was registered elsewhere than in this State at the effective date of the policy or bond, or
14 the most recent renewal thereof, or if such operator not an owner was a nonresident of
15 this State, such policy or bond shall not be effective under this section unless the
16 insurance company or surety company if not authorized to do business in this State shall
17 execute a power of attorney authorizing the Commissioner to accept service on its
18 behalf of notice or process in any action upon such policy, or bond arising out of such
19 accident, and unless said insurance company or surety company, if not authorized to do
20 business in this State, is authorized to do business in the state or other jurisdiction where
21 the motor vehicle is registered or, if such policy or bond is filed on behalf of an operator
22 not an owner who was a nonresident of this State, unless said insurance company or
23 surety company, if not authorized to do business in this State, is authorized to do
24 business in the state or other jurisdiction of residence of such operator; provided,
25 however, every such policy or bond is subject, if the accident has resulted in bodily
26 injury or death, to a limit, exclusive of interest and cost, of not less than twenty-five
27 thousand dollars (\$25,000) because of bodily injury to or death of one person in any one
28 accident and, subject to said limit for one person, to a limit of not less than fifty
29 thousand dollars (\$50,000) because of bodily injury to or death of two or more persons
30 in any one accident, and, if the accident has resulted in injury to or destruction of
31 property, to a limit of not less than ~~ten thousand dollars (\$10,000)~~ twenty-five thousand
32 dollars (\$25,000) because of injury to or destruction of property of others in any one
33 accident."

34 Sec. 3. G.S. 20-279.15 reads as rewritten:

35 "**§ 20-279.15. Payment sufficient to satisfy requirements.**

36 In addition to other methods of satisfaction provided by law, judgments herein
37 referred to shall, for the purpose of this Article, be deemed satisfied:

- 38 (1) When twenty-five thousand dollars (\$25,000) has been credited upon
39 any judgment or judgments rendered in excess of that amount because
40 of bodily injury to or death of one person as the result of any one
41 accident; or
42 (2) When, subject to such limit of twenty-five thousand dollars (\$25,000)
43 because of bodily injury to or death of one person, the sum of fifty
44 thousand dollars (\$50,000) has been credited upon any judgment or

- 1 judgments rendered in excess of that amount because of bodily injury
2 to or death of two or more persons as the result of any one accident; or
3 (3) When ~~ten thousand dollars (\$10,000)~~ twenty-five thousand (\$25,000) has
4 been credited upon any judgment or judgments rendered in excess of
5 that amount because of injury to or destruction of property of others as
6 a result of any one accident;

7 Provided, however, payments made in settlement of any claims because of bodily
8 injury, death or property damage arising from a motor vehicle accident shall be credited
9 in reduction of the amounts provided for in this section."

10 Sec. 4. G.S. 20-279.21(b)(2) reads as rewritten:

- 11 "(2) Shall insure the person named therein and any other person, as insured,
12 using any such motor vehicle or motor vehicles with the express or
13 implied permission of such named insured, or any other persons in
14 lawful possession, against loss from the liability imposed by law for
15 damages arising out of the ownership, maintenance or use of such
16 motor vehicle or motor vehicles within the United States of America or
17 the Dominion of Canada subject to limits exclusive of interest and
18 costs, with respect to each such motor vehicle, as follows: twenty-five
19 thousand dollars (\$25,000) because of bodily injury to or death of one
20 person in any one accident and, subject to said limit for one person,
21 fifty thousand dollars (\$50,000) because of bodily injury to or death of
22 two or more persons in any one accident, and ~~ten thousand dollars~~
23 (\$10,000) twenty-five thousand dollars (\$25,000) because of injury to
24 or destruction of property of others in any one accident; and".

25 Sec. 5. G.S. 20-280 reads as rewritten:

26 "**§ 20-280. Filing proof of financial responsibility with governing board of**
27 **municipality or county.**

28 (a) Within 30 days after March 27, 1951, every person, firm or corporation
29 engaging in the business of operating a taxicab or taxicabs within a municipality shall
30 file with the governing board of the municipality in which such business is operated
31 proof of financial responsibility as hereinafter defined.

32 No governing board of a municipality shall hereafter issue any certificate of
33 convenience and necessity, franchise, license, permit or other privilege or authority to
34 any person, firm or corporation authorizing such person, firm or corporation to engage
35 in the business of operating a taxicab or taxicabs within the municipality unless such
36 person, firm or corporation first files with said governing board proof of financial
37 responsibility as hereinafter defined.

38 Within 30 days after the ratification of this section, every person, firm or corporation
39 engaging in the business of operating a taxicab or taxicabs without the corporate limits
40 of a municipality or municipalities, shall file with the board of county commissioners
41 of the county in which such business is operated proof of financial responsibility as
42 hereinafter defined.

43 No person, firm or corporation shall hereafter engage in the business of operating a
44 taxicab or taxicabs without the corporate limits of a municipality or municipalities in

1 any county unless such person, firm or corporation first files with the board of county
2 commissioners of the county in which such business is operated proof of financial
3 responsibility as hereinafter defined.

4 (b) As used in this section 'proof of financial responsibility' shall mean a
5 certificate of any insurance carrier duly authorized to do business in the State of North
6 Carolina certifying that there is in effect a policy of liability insurance insuring the
7 owner and operator of the taxicab business, his agents and employees while in the
8 performance of their duties against loss from any liability imposed by law for damages
9 including damages for care and loss of services because of bodily injury to or death of
10 any person and injury to or destruction of property caused by accident and arising out of
11 the ownership, use or operation of such taxicab or taxicabs, subject to limits (exclusive
12 of interests and costs) with respect to each such motor vehicle as follows: twenty-five
13 thousand dollars (\$25,000) because of bodily injury to or death of one person in any one
14 accident and, subject to said limit for one person, fifty thousand dollars (\$50,000)
15 because of bodily injury to or death of two or more persons in any one accident, and ~~ten~~
16 ~~thousand dollars (\$10,000)~~ twenty-five thousand dollars (\$25,000) because of injury to or
17 destruction of property of others in any one accident.

18 (c) Every person, firm or corporation who engages in the taxicab business and
19 who is a member of or participates in any trust fund or sinking fund, which said trust
20 fund or sinking fund is for the sole purpose of paying claims, damages or judgments
21 against persons, firms or corporations engaging in the taxicab business and which trust
22 fund or sinking fund is approved by the governing body of any city or municipality with
23 a population of over 50,000, shall be deemed a compliance with the financial
24 responsibility provisions of this section.

25 Provided, however, that in the case of operators of 15 or more taxicabs, the limits
26 (exclusive of interests and costs), with respect to each such motor vehicle shall be as
27 follows: twenty thousand dollars (\$20,000) because of bodily injury to or death of one
28 person in any one accident and, subject to said limit for one person, forty thousand
29 dollars (\$40,000) because of bodily injury to or death of two or more persons in any one
30 accident, and ~~ten thousand dollars (\$10,000)~~ twenty thousand dollars (\$20,000) because of
31 injury to or destruction of property of others in any one accident."

32 Sec. 6. G.S. 20-281 reads as rewritten:

33 "**§ 20-281. Liability insurance prerequisite to engaging in business; coverage of**
34 **policy.**

35 From and after July 1, 1953, it shall be unlawful for any person, firm or corporation
36 to engage in the business of renting or leasing motor vehicles to the public for operation
37 by the rentee or lessee unless such person, firm or corporation has secured insurance for
38 his own liability and that of his rentee or lessee, in such an amount as is hereinafter
39 provided, from an insurance company duly licensed to sell motor vehicle liability
40 insurance in this State. Each such motor vehicle leased or rented must be covered by a
41 policy of liability insurance insuring the owner and rentee or lessee and their agents and
42 employees while in the performance of their duties against loss from any liability
43 imposed by law for damages including damages for care and loss of services because of
44 bodily injury to or death of any person and injury to or destruction of property caused

1 by accident arising out of the operation of such motor vehicle, subject to the following
2 minimum limits: twenty-five thousand dollars (\$25,000) because of bodily injury to or
3 death of one person in any one accident, and fifty thousand dollars (\$50,000) because of
4 bodily injury to or death of two or more persons in any one accident, and ~~ten thousand~~
5 ~~dollars (\$10,000)~~ twenty-five thousand dollars (\$25,000) because of injury to or
6 destruction of property of others in any one accident. Provided, however, that nothing in
7 this Article shall prevent such operators from qualifying as self-insurers under terms and
8 conditions to be prepared and prescribed by the Commissioner of Motor Vehicles or by
9 giving bond with personal or corporate surety, as now provided by G.S. 20-279.24, in
10 lieu of securing the insurance policy hereinbefore provided for."

11 Sec. 7. G.S. 58-37-35(b) reads as rewritten:

12 "(b) The Facility shall reinsure for each coverage available therein to the standard
13 percentage of one hundred percent (100%) or lesser equitable percentage established in
14 the plan of operation as follows:

15 (1) For the following coverages of motor vehicle insurance and in at least
16 the following amounts of insurance:

- 17 a. Bodily injury liability: twenty-five thousand dollars (\$25,000)
18 each person, fifty thousand dollars (\$50,000) each accident;
- 19 b. Property damage liability: ~~ten thousand dollars (\$10,000)~~ twenty-
20 five thousand dollars (\$25,000) each person;
- 21 c. Medical payments: one thousand dollars (\$1,000) each person;
22 except that this coverage shall not be available for motorcycles;
- 23 d. Uninsured motorist: twenty-five thousand dollars (\$25,000)
24 each person; fifty thousand dollars (\$50,000) each accident for
25 bodily injury; ~~ten thousand dollars (\$10,000)~~ twenty-five thousand
26 dollars (\$25,000) each accident property damage (one hundred
27 dollars (\$100.00) deductible);
- 28 e. Any other motor vehicle insurance or financial responsibility
29 limits in the amounts required by any federal law or federal
30 agency regulation; by any law of this State; or by any rule duly
31 adopted under Chapter 150B of the General Statutes or by the
32 North Carolina Utilities Commission.

33 (2) Additional ceding privileges for motor vehicle insurance shall be
34 provided by the Board of Governors if there is a substantial public
35 demand for a coverage or coverage limit of any component of motor
36 vehicle insurance up to the following:

- 37 Bodily injury liability: one hundred thousand dollars (\$100,000) each
38 person, three hundred thousand dollars (\$300,000) each accident;
39 Property damage liability: fifty thousand dollars (\$50,000) each
40 accident;
41 Medical payments: two thousand dollars (\$2,000) each person;
42 Underinsured motorist: one hundred thousand dollars (\$100,000) each
43 person and three hundred thousand dollars (\$300,000) each accident
44 for bodily injury liability;

1 Uninsured motorist: one hundred thousand dollars (\$100,000) each
2 person and each accident for bodily injury and ~~ten thousand dollars~~
3 ~~(\$10,000)~~ twenty-five thousand dollars (\$25,000) for property damage
4 (one hundred dollars (\$100.00) deductible).

- 5 (3) Whenever the additional ceding privileges are provided as in G.S. 58-
6 37-35(b)(2) for any component of motor vehicle insurance, the same
7 additional ceding privileges shall be available to 'all other' types of
8 risks subject to the rating jurisdiction of the North Carolina Rate
9 Bureau."

10 Sec. 8. G.S. 20-279.25(a) reads as rewritten:

11 "(a) Proof of financial responsibility may be evidenced by the certificate of the
12 State Treasurer that the person named therein has deposited with him ~~sixty thousand~~
13 ~~dollars (\$60,000)~~ seventy-five thousand dollars (\$75,000) in cash, or securities such as
14 may legally be purchased by savings banks or for trust funds of a market value of ~~sixty~~
15 ~~thousand dollars (\$60,000)~~ seventy-five thousand dollars (\$75,000). The State Treasurer
16 shall not accept any such deposit and issue a certificate therefor and the Commissioner
17 shall not accept such certificate unless accompanied by evidence that there are no
18 unsatisfied judgments of any character against the depositor in the county where the
19 depositor resides."

20 Sec. 9. Sections 1, 4, 5, 6, 7 and 8 of the act become effective January 1,
21 1992, for all new and renewal policies written to be effective on or after that date.
22 Sections 2 and 3 of the act become effective January 1, 1992.