

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 756
Second Edition Engrossed 4/28/99
House Committee Substitute Favorable 6/1/99

Short Title: Increase Auto Insurance Coverage.

(Public)

Sponsors:

Referred to:

April 5, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE MANDATORY LIABILITY INSURANCE
3 REQUIREMENTS FOR CERTAIN MOTOR VEHICLES AND TO MAKE
4 CONFORMING CHANGES IN CHAPTER 58 OF THE GENERAL STATUTES.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 20-279.1(11) reads as rewritten:

7 "(11) 'Proof of financial responsibility': Proof of ability to respond in
8 damages for liability, on account of accidents occurring subsequent to
9 the effective date of said proof, arising out of the ownership,
10 maintenance or use of a motor vehicle, in the amount of ~~twenty-five~~
11 ~~thousand dollars (\$25,000)~~ thirty thousand dollars (\$30,000) because of
12 bodily injury to or death of one person in any one accident, and, subject
13 to said limit for one person, in the amount of ~~fifty thousand dollars~~
14 ~~(\$50,000)~~ sixty thousand dollars (\$60,000) because of bodily injury to or
15 death of two or more persons in any one accident, and in the amount of
16 ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand dollars (\$25,000)
17 because of injury to or destruction of property of others in any one
18 accident. Nothing contained herein shall prevent an insurer and an

1 insured from entering into a contract, not affecting third parties,
2 providing for a deductible as to property damage at a rate approved by
3 the Commissioner of Insurance."

4 Section 2. G.S. 20-279.5(c) reads as rewritten:

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

- 6 (1) To such operator or owner if such owner had in effect at the time of
7 such accident an automobile liability policy with respect to the motor
8 vehicle involved in such accident;
- 9 (2) To such operator, if not the owner of such motor vehicle, if there was in
10 effect at the time of such accident a motor vehicle liability policy or
11 bond with respect to his operation of motor vehicles not owned by him;
- 12 (3) To such operator or owner if the liability of such operator or owner for
13 damages resulting from such accident is, in the judgment of the
14 Commissioner, covered by any other form of liability insurance policy
15 or bond or sinking fund or group assumption of liability;
- 16 (4) To any person qualifying as a self-insurer, nor to any operator for a self-
17 insurer if, in the opinion of the Commissioner from the information
18 furnished him, the operator at the time of the accident was probably
19 operating the vehicle in the course of the operator's employment as an
20 employee or officer of the self-insurer; nor
- 21 (5) To any employee of the United States government while operating a
22 vehicle in its service and while acting within the scope of his
23 employment, such operations being fully protected by the Federal Tort
24 Claims Act of 1946, which affords ample security to all persons
25 sustaining personal injuries or property damage through the negligence
26 of such federal employee.

27 No such policy or bond shall be effective under this section unless issued by an
28 insurance company or surety company authorized to do business in this State, except that
29 if such motor vehicle was not registered in this State, or was a motor vehicle which was
30 registered elsewhere than in this State at the effective date of the policy or bond, or the
31 most recent renewal thereof, or if such operator not an owner was a nonresident of this
32 State, such policy or bond shall not be effective under this section unless the insurance
33 company or surety company if not authorized to do business in this State shall execute a
34 power of attorney authorizing the Commissioner to accept service on its behalf of notice
35 or process in any action upon such policy, or bond arising out of such accident, and
36 unless said insurance company or surety company, if not authorized to do business in this
37 State, is authorized to do business in the state or other jurisdiction where the motor
38 vehicle is registered or, if such policy or bond is filed on behalf of an operator not an
39 owner who was a nonresident of this State, unless said insurance company or surety
40 company, if not authorized to do business in this State, is authorized to do business in the
41 state or other jurisdiction of residence of such operator; provided, however, every such
42 policy or bond is subject, if the accident has resulted in bodily injury or death, to a limit,
43 exclusive of interest and cost, of not less than ~~twenty five thousand dollars (\$25,000)~~ thirty

1 thousand dollars (\$30,000) because of bodily injury to or death of one person in any one
2 accident and, subject to said limit for one person, to a limit of not less than ~~thirty thousand~~
3 ~~dollars (\$50,000)~~ sixty thousand dollars (\$60,000) because of bodily injury to or death of
4 two or more persons in any one accident, and, if the accident has resulted in injury to or
5 destruction of property, to a limit of not less than ~~fifteen thousand dollars (\$15,000)~~ twenty-
6 five thousand dollars (\$25,000) because of injury to or destruction of property of others
7 in any one accident."

8 Section 3. G.S. 20-279.15 reads as rewritten:

9 "**§ 20-279.15. Payment sufficient to satisfy requirements.**

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

- 12 (1) When ~~twenty-five thousand dollars (\$25,000)~~ thirty thousand dollars
13 (\$30,000) has been credited upon any judgment or judgments rendered
14 in excess of that amount because of bodily injury to or death of one
15 person as the result of any one accident; or
16 (2) When, subject to such limit of ~~twenty-five thousand dollars (\$25,000)~~
17 thirty thousand dollars (\$30,000) because of bodily injury to or death of
18 one person, the sum of ~~fifty thousand dollars (\$50,000)~~ sixty thousand
19 dollars (\$60,000) has been credited upon any judgment or judgments
20 rendered in excess of that amount because of bodily injury to or death of
21 two or more persons as the result of any one accident; or
22 (3) When ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand dollars
23 (\$25,000) has been credited upon any judgment or judgments rendered
24 in excess of that amount because of injury to or destruction of property
25 of others as a result of any one accident;

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

29 Section 4. G.S. 20-279.21(b)(2) reads as rewritten:

30 "(b) Such owner's policy of liability insurance:

- 31 (1) Shall designate by explicit description or by appropriate reference all
32 motor vehicles with respect to which coverage is thereby to be granted;
33 (2) Shall insure the person named therein and any other person, as insured,
34 using any such motor vehicle or motor vehicles with the express or
35 implied permission of such named insured, or any other persons in
36 lawful possession, against loss from the liability imposed by law for
37 damages arising out of the ownership, maintenance or use of such motor
38 vehicle or motor vehicles within the United States of America or the
39 Dominion of Canada subject to limits exclusive of interest and costs,
40 with respect to each such motor vehicle, as follows: ~~twenty-five thousand~~
41 ~~dollars (\$25,000)~~ thirty thousand dollars (\$30,000) because of bodily
42 injury to or death of one person in any one accident and, subject to said
43 limit for one person, ~~fifty thousand dollars (\$50,000)~~ sixty thousand

1 dollars (\$60,000) because of bodily injury to or death of two or more
2 persons in any one accident, and ~~fifteen thousand dollars (\$15,000)~~
3 twenty-five thousand dollars (\$25,000) because of injury to or
4 destruction of property of others in any one accident; and".

5 Section 5. G.S. 20-279.25(a) reads as rewritten:

6 "(a) Proof of financial responsibility may be evidenced by the certificate of the
7 State Treasurer that the person named therein has deposited with him ~~sixty-five thousand~~
8 ~~dollars (\$65,000)~~ eighty-five thousand dollars (\$85,000) in cash, or securities such as may
9 legally be purchased by savings banks or for trust funds of a market value of ~~sixty-five~~
10 ~~thousand dollars (\$65,000)~~ eighty-five thousand dollars (\$85,000). The State Treasurer
11 shall not accept any such deposit and issue a certificate therefor and the Commissioner
12 shall not accept such certificate unless accompanied by evidence that there are no
13 unsatisfied judgments of any character against the depositor in the county where the
14 depositor resides."

15 Section 6. G.S. 20-280 reads as rewritten:

16 "**§ 20-280. Filing proof of financial responsibility with governing board of**
17 **municipality or county.**

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

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

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

33 No person, firm or corporation shall hereafter engage in the business of operating a
34 taxicab or taxicabs without the corporate limits of a municipality or municipalities in any
35 county unless such person, firm or corporation first files with the board of county
36 commissioners of the county in which such business is operated proof of financial
37 responsibility as hereinafter defined.

38 (b) As used in this section 'proof of financial responsibility' shall mean a certificate
39 of any insurance carrier duly authorized to do business in the State of North Carolina
40 certifying that there is in effect a policy of liability insurance insuring the owner and
41 operator of the taxicab business, his agents and employees while in the performance of
42 their duties against loss from any liability imposed by law for damages including
43 damages for care and loss of services because of bodily injury to or death of any person

1 and injury to or destruction of property caused by accident and arising out of the
2 ownership, use or operation of such taxicab or taxicabs, subject to limits (exclusive of
3 interests and costs) with respect to each such motor vehicle as follows: ~~twenty-five~~
4 ~~thousand dollars (\$25,000)~~ thirty thousand dollars (\$30,000) because of bodily injury to or
5 death of one person in any one accident and, subject to said limit for one person, ~~fifty~~
6 ~~thousand dollars (\$50,000)~~ sixty thousand dollars (\$60,000) because of bodily injury to or
7 death of two or more persons in any one accident, and ~~fifteen thousand dollars (\$15,000)~~
8 twenty-five thousand dollars (\$25,000) because of injury to or destruction of property of
9 others in any one accident.

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

17 Provided, however, that in the case of operators of 15 or more taxicabs, the limits
18 (exclusive of interests and costs), with respect to each such motor vehicle shall be as
19 follows: twenty thousand dollars (\$20,000) because of bodily injury to or death of one
20 person in any one accident and, subject to said limit for one person, forty thousand
21 dollars (\$40,000) because of bodily injury to or death of two or more persons in any one
22 accident, and ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand dollars (\$25,000)
23 because of injury to or destruction of property of others in any one accident."

24 Section 7. G.S. 20-281 reads as rewritten:

25 **"§ 20-281. Liability insurance prerequisite to engaging in business; coverage of**
26 **policy.**

27 From and after July 1, 1953, it shall be unlawful for any person, firm or corporation to
28 engage in the business of renting or leasing motor vehicles to the public for operation by
29 the rentee or lessee unless such person, firm or corporation has secured insurance for his
30 own liability and that of his rentee or lessee, in such an amount as is hereinafter provided,
31 from an insurance company duly licensed to sell motor vehicle liability insurance in this
32 State. Each such motor vehicle leased or rented must be covered by a policy of liability
33 insurance insuring the owner and rentee or lessee and their agents and employees while in
34 the performance of their duties against loss from any liability imposed by law for
35 damages including damages for care and loss of services because of bodily injury to or
36 death of any person and injury to or destruction of property caused by accident arising
37 out of the operation of such motor vehicle, subject to the following minimum limits:
38 ~~twenty-five thousand dollars (\$25,000)~~ thirty thousand dollars (\$30,000) because of bodily
39 injury to or death of one person in any one accident, and ~~fifty thousand dollars (\$50,000)~~
40 sixty thousand dollars (\$60,000) because of bodily injury to or death of two or more
41 persons in any one accident, and ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand
42 dollars (\$25,000) because of injury to or destruction of property of others in any one
43 accident. Provided, however, that nothing in this Article shall prevent such operators

1 from qualifying as self-insurers under terms and conditions to be prepared and prescribed
2 by the Commissioner of Motor Vehicles or by giving bond with personal or corporate
3 surety, as now provided by G.S. 20-279.24, in lieu of securing the insurance policy
4 hereinbefore provided for."

5 Section 8. G.S. 58-37-35(b) reads as rewritten:

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

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

- 11 a. Bodily injury liability: ~~twenty-five thousand dollars (\$25,000)~~ thirty
12 thousand dollars (\$30,000) each person, ~~fifty thousand dollars~~
13 ~~(\$50,000)~~ sixty thousand dollars (\$60,000) each accident;
- 14 b. Property damage liability: ~~fifteen thousand dollars (\$15,000)~~
15 twenty-five thousand dollars (\$25,000) each person;
- 16 c. Medical payments: one thousand dollars (\$1,000) each person;
17 except that this coverage shall not be available for motorcycles;
- 18 d. Uninsured motorist: ~~twenty-five thousand dollars (\$25,000)~~ thirty
19 thousand dollars (\$30,000) each person; ~~fifty thousand dollars~~
20 ~~(\$50,000)~~ sixty thousand dollars (\$60,000) each accident for
21 bodily injury; ~~fifteen thousand dollars (\$15,000)~~ twenty-five
22 thousand dollars (\$25,000) each accident property damage (one
23 hundred dollars (\$100.00) deductible);
- 24 e. Any other motor vehicle insurance or financial responsibility
25 limits in the amounts required by any federal law or federal
26 agency regulation; by any law of this State; or by any rule duly
27 adopted under Chapter 150B of the General Statutes or by the
28 North Carolina Utilities Commission.

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

33 Bodily injury liability: one hundred thousand dollars (\$100,000) each
34 person, three hundred thousand dollars (\$300,000) each accident;
35 Property damage liability: fifty thousand dollars (\$50,000) each
36 accident;

37 Medical payments: two thousand dollars (\$2,000) each person;

38 Underinsured motorist: ~~one hundred thousand dollars (\$100,000)~~ one
39 million dollars (\$1,000,000) each person and ~~three hundred~~
40 ~~thousand dollars (\$300,000)~~ each accident for bodily injury
41 liability;

42 Uninsured motorist: ~~one hundred thousand dollars (\$100,000)~~ one million
43 dollars (\$1,000,000) each person and each accident for bodily

1 injury and ~~fifteen thousand dollars (\$15,000)~~ fifty thousand dollars
2 (\$50,000) for property damage (one hundred dollars (\$100.00)
3 deductible).

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

8 Section 8.1. If House Bill 296 (1999 Session) becomes law, Section 8 of this
9 act is repealed and G.S. 58-37-35(b), as amended by House Bill 296, reads as rewritten:

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

- 13 (1) For the following coverages of motor vehicle insurance and in at least
14 the following amounts of insurance:

- 15 a. Bodily injury liability: ~~twenty five thousand dollars (\$25,000)~~ thirty
16 thousand dollars (\$30,000) each person, ~~fifty thousand dollars~~
17 ~~(\$50,000)~~ sixty thousand dollars (\$60,000) each accident;
18 b. Property damage liability: ~~fifteen thousand dollars (\$15,000)~~
19 twenty-five thousand dollars (\$25,000) each person;
20 c. Medical payments: one thousand dollars (\$1,000) each person;
21 except that this coverage shall not be available for motorcycles;
22 d. Uninsured motorist: ~~twenty five thousand dollars (\$25,000)~~ thirty
23 thousand dollars (\$30,000) each person; ~~fifty thousand dollars~~
24 ~~(\$50,000)~~ sixty thousand dollars (\$60,000) each accident for
25 bodily injury; ~~fifteen thousand dollars (\$15,000)~~ twenty-five
26 thousand dollars (\$25,000) each accident property damage (one
27 hundred 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 million dollars (\$1,000,000) each person
43 and each accident for bodily injury liability;

1 Uninsured motorist: one million dollars (\$1,000,000) each person and
2 each accident for bodily injury and fifty thousand dollars
3 (\$50,000) for property damage (one hundred dollars (\$100.00)
4 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 risks
8 subject to the rating jurisdiction of the North Carolina Rate Bureau."

9 Section 9. This act becomes effective July 1, 2000, and applies to new or
10 renewal policies written to become effective on or after that date.