

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

**SESSION LAW 2003-395
HOUSE BILL 986**

AN ACT TO REQUIRE A MOTOR VEHICLE INSURER TO DISCLOSE ANY FINANCIAL INTEREST IN A RECOMMENDED REPAIR FACILITY OR SERVICE AND REQUIRING AN INSURER TO DISCLOSE THE USE OF NONORIGINAL CRASH REPAIR PARTS OR NONORIGINAL AUTO GLASS FOR MOTOR VEHICLE REPAIRS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-3-180(b1) reads as rewritten:

"(b1) No insurer or insurer representative shall recommend the use of a particular motor vehicle repair service without clearly informing the claimant that (i) the claimant is under no obligation to use the recommended repair service, (ii) the claimant may use the repair service of the claimant's choice, ~~and~~ (iii) the amount determined by the insurer to be payable under the policy will be paid regardless of whether or not the claimant uses the recommended repair ~~service~~ service, and (iv) that the insurer or insurer representative has, at the time the recommendations are made, a financial interest in the recommended motor vehicle repair service. No insurer shall require that the insured or claimant must have a damaged vehicle repaired at an insurer-owned motor vehicle repair service."

SECTION 2. Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-36-95. Use of nonoriginal crash repair parts.

(a) As used in this section, the following definitions apply:

- (1) "Insurer" includes any person authorized to represent an insurer with respect to a claim.
- (2) "Nonoriginal crash repair part" refers to sheet metal and/or plastic parts – generally components of the exterior of a motor vehicle – that are not manufactured by or for the original equipment manufacturer of the vehicle.

(b) An insurer shall disclose to a claimant in writing, either on the estimate or on a separate document attached to the estimate, the following in no smaller than ten point type: 'THIS ESTIMATE HAS BEEN PREPARED BASED ON THE USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIGINAL MANUFACTURER. PARTS USED IN THE REPAIR OF YOUR VEHICLE MADE BY OTHER THAN THE ORIGINAL MANUFACTURER ARE REQUIRED TO BE AT LEAST EQUIVALENT IN TERMS OF FIT, QUALITY, PERFORMANCE, AND WARRANTY TO THE ORIGINAL MANUFACTURER PARTS THEY ARE REPLACING.'

(c) It is a violation of G.S. 58-2-180 for an automobile repair facility or parts person to place a nonoriginal crash repair part, nonoriginal windshield, or nonoriginal auto glass on a motor vehicle and to submit an invoice for an original repair part.

(d) Any insurer or other person who has reason to believe that fraud has occurred under this section shall report that fraud to the Commissioner for further action pursuant to G.S. 58-2-160."

SECTION 3. Article 36 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-36-41. Development of policy endorsement for exclusive use of original equipment manufactured crash parts.

The Rate Bureau shall develop an optional policy endorsement to be filed with the Commissioner for approval that permits policyholders to elect nonfleet private passenger motor vehicle physical damage coverage specifying the exclusive use of original equipment manufactured crash parts."

SECTION 4. Sections 2 and 3 of this act become effective January 1, 2004. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 19th day of July, 2003.

s/ Beverly E. Perdue
President of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 5:29 p.m. this 7th day of August, 2003