

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 82

Short Title: Increase Auto Insurance Liability Limits. (Public)

Sponsors: Representatives Faison and Jackson (Primary Sponsors).

Referred to: Rules, Calendar, and Operations of the House.

February 9, 2009

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

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 20-279.1 reads as rewritten:

7 "**§ 20-279.1. Definitions.**

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

11 ...

12 (11) "Proof of financial responsibility": Proof of ability to respond in damages for
13 liability, on account of accidents occurring subsequent to the effective date
14 of said proof, arising out of the ownership, maintenance or use of a motor
15 vehicle, in the amount of ~~thirty thousand dollars (\$30,000)~~ seventy-five
16 thousand dollars (\$75,000) because of bodily injury to or death of one
17 person in any one accident, and, subject to said limit for one person, in the
18 amount of ~~sixty thousand dollars (\$60,000)~~ one hundred fifty thousand
19 dollars (\$150,000) because of bodily injury to or death of two or more
20 persons in any one accident, and in the amount of ~~twenty five thousand~~
21 ~~dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or
22 destruction of property of others in any one accident. Nothing contained
23 herein shall prevent an insurer and an insured from entering into a contract,
24 not affecting third parties, providing for a deductible as to property damage
25 at a rate approved by the Commissioner of Insurance."

26 **SECTION 2.** G.S. 20-279.5 reads as rewritten:

27 "**§ 20-279.5. Security required unless evidence of insurance; when security determined;
28 suspension; exceptions.**

29 ...

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

- 31 (1) To such operator or owner if such owner had in effect at the time of such
32 accident an automobile liability policy with respect to the motor vehicle
33 involved in such accident;
- 34 (2) To such operator, if not the owner of such motor vehicle, if there was in
35 effect at the time of such accident a motor vehicle liability policy or bond
36 with respect to his operation of motor vehicles not owned by him;



- 1 (3) To such operator or owner if the liability of such operator or owner for
2 damages resulting from such accident is, in the judgment of the
3 Commissioner, covered by any other form of liability insurance policy or
4 bond or sinking fund or group assumption of liability;
- 5 (4) To any person qualifying as a self-insurer, nor to any operator for a
6 self-insurer if, in the opinion of the Commissioner from the information
7 furnished him, the operator at the time of the accident was probably
8 operating the vehicle in the course of the operator's employment as an
9 employee or officer of the self-insurer; nor
- 10 (5) To any employee of the United States government while operating a vehicle
11 in its service and while acting within the scope of his employment, such
12 operations being fully protected by the Federal Tort Claims Act of 1946,
13 which affords ample security to all persons sustaining personal injuries or
14 property damage through the negligence of such federal employee.

15 No such policy or bond shall be effective under this section unless issued by an insurance
16 company or surety company authorized to do business in this State, except that if such motor
17 vehicle was not registered in this State, or was a motor vehicle which was registered elsewhere
18 than in this State at the effective date of the policy or bond, or the most recent renewal thereof,
19 or if such operator not an owner was a nonresident of this State, such policy or bond shall not
20 be effective under this section unless the insurance company or surety company if not
21 authorized to do business in this State shall execute a power of attorney authorizing the
22 Commissioner to accept service on its behalf of notice or process in any action upon such
23 policy, or bond arising out of such accident, and unless said insurance company or surety
24 company, if not authorized to do business in this State, is authorized to do business in the state
25 or other jurisdiction where the motor vehicle is registered or, if such policy or bond is filed on
26 behalf of an operator not an owner who was a nonresident of this State, unless said insurance
27 company or surety company, if not authorized to do business in this State, is authorized to do
28 business in the state or other jurisdiction of residence of such operator; provided, however,
29 every such policy or bond is subject, if the accident has resulted in bodily injury or death, to a
30 limit, exclusive of interest and cost, of not less than ~~thirty thousand dollars (\$30,000)~~
31 seventy-five thousand dollars (\$75,000) because of bodily injury to or death of one person in
32 any one accident and, subject to said limit for one person, to a limit of not less than ~~sixty~~
33 ~~thousand dollars (\$60,000)~~ one hundred fifty thousand dollars (\$150,000) because of bodily
34 injury to or death of two or more persons in any one accident, and, if the accident has resulted
35 in injury to or destruction of property, to a limit of not less than ~~twenty-five thousand dollars~~
36 ~~(\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction of property of
37 others in any one accident."

38 **SECTION 3.** G.S. 20-279.15 reads as rewritten:

39 **"§ 20-279.15. Payment sufficient to satisfy requirements.**

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

- 42 (1) When ~~thirty thousand dollars (\$30,000)~~ seventy-five thousand dollars
43 (\$75,000) has been credited upon any judgment or judgments rendered in
44 excess of that amount because of bodily injury to or death of one person as
45 the result of any one accident; or
- 46 (2) When, subject to such limit of ~~thirty thousand dollars (\$30,000)~~ seventy-five
47 thousand dollars (\$75,000) because of bodily injury to or death of one
48 person, the sum of ~~sixty thousand dollars (\$60,000)~~ one hundred fifty
49 thousand dollars (\$150,000) has been credited upon any judgment or
50 judgments rendered in excess of that amount because of bodily injury to or
51 death of two or more persons as the result of any one accident; or

- 1 (3) When ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars
2 (\$50,000) has been credited upon any judgment or judgments rendered in
3 excess of that amount because of injury to or destruction of property of
4 others as a result of any one accident;

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

8 **SECTION 4.** G.S. 20-279.21 reads as rewritten:

9 **"§ 20-279.21. "Motor vehicle liability policy" defined.**

10 (a) A "motor vehicle liability policy" as said term is used in this Article shall mean an
11 owner's or an operator's policy of liability insurance, certified as provided in G.S. 20-279.19 or
12 20-279.20 as proof of financial responsibility, and issued, except as otherwise provided in
13 G.S. 20-279.20, by an insurance carrier duly authorized to transact business in this State, to or
14 for the benefit of the person named therein as insured.

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

16 (1) Shall designate by explicit description or by appropriate reference all motor
17 vehicles with respect to which coverage is thereby to be granted;

18 (2) Shall insure the person named therein and any other person, as insured, using
19 any such motor vehicle or motor vehicles with the express or implied
20 permission of such named insured, or any other persons in lawful
21 possession, against loss from the liability imposed by law for damages
22 arising out of the ownership, maintenance or use of such motor vehicle or
23 motor vehicles within the United States of America or the Dominion of
24 Canada subject to limits exclusive of interest and costs, with respect to each
25 such motor vehicle, as follows: ~~thirty thousand dollars (\$30,000)~~ seventy-five
26 thousand dollars (\$75,000) because of bodily injury to or death of one
27 person in any one accident and, subject to said limit for one person, ~~sixty~~
28 ~~thousand dollars (\$60,000)~~ one hundred fifty thousand dollars (\$150,000)
29 because of bodily injury to or death of two or more persons in any one
30 accident, and ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars
31 (\$50,000) because of injury to or destruction of property of others in any one
32 accident; and

33"

34 **SECTION 5.** G.S. 20-279.25 reads as rewritten:

35 **"§ 20-279.25. Money or securities as proof.**

36 (a) Proof of financial responsibility may be evidenced by the certificate of the State
37 Treasurer that the person named therein has deposited with ~~him eighty-five thousand dollars~~
38 ~~(\$85,000)~~ the State Treasurer one hundred fifty thousand dollars (\$150,000) in cash, or
39 securities such as may legally be purchased by savings banks or for trust funds of a market
40 value of ~~eighty-five thousand dollars (\$85,000)~~ one hundred fifty thousand dollars (\$150,000).
41 The State Treasurer shall not accept any such deposit and issue a certificate therefor and the
42 Commissioner shall not accept such certificate unless accompanied by evidence that there are
43 no unsatisfied judgments of any character against the depositor in the county where the
44 depositor resides.

45"

46 **SECTION 6.** G.S. 20-280 reads as rewritten:

47 **"§ 20-280. Filing proof of financial responsibility with governing board of municipality or**
48 **county.**

49 (a) ~~Within 30 days after March 27, 1951, every person, firm or corporation engaging in~~
50 ~~the business of operating a taxicab or taxicabs within a municipality shall file with the~~

1 ~~governing board of the municipality in which such business is operated proof of financial~~
2 ~~responsibility as hereinafter defined.~~

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

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

12 No person, firm or corporation shall ~~hereafter~~ engage in the business of operating a taxicab
13 or taxicabs without the corporate limits of a municipality or municipalities in any county unless
14 such person, firm or corporation first files with the board of county commissioners of the
15 county in which such business is operated proof of financial responsibility as hereinafter
16 defined.

17 (b) As used in this section "proof of financial responsibility" shall mean a certificate of
18 any insurance carrier duly authorized to do business in the State of North Carolina certifying
19 that there is in effect a policy of liability insurance insuring the owner and operator of the
20 taxicab business, his agents and employees while in the performance of their duties against loss
21 from any liability imposed by law for damages including damages for care and loss of services
22 because of bodily injury to or death of any person and injury to or destruction of property
23 caused by accident and arising out of the ownership, use or operation of such taxicab or
24 taxicabs, subject to limits (exclusive of interests and costs) with respect to each such motor
25 vehicle as follows: ~~thirty thousand dollars (\$30,000)~~ seventy-five thousand dollars (\$75,000)
26 because of bodily injury to or death of one person in any one accident and, subject to said limit
27 for one person, ~~sixty thousand dollars (\$60,000)~~ one hundred fifty thousand dollars (\$150,000)
28 because of bodily injury to or death of two or more persons in any one accident, and
29 ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or
30 destruction of property of others in any one accident.

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

37 Provided, however, that in the case of operators of 15 or more taxicabs, the limits
38 (exclusive of interests and costs), with respect to each such motor vehicle shall be as follows:
39 ~~twenty thousand dollars (\$20,000)~~ seventy-five thousand dollars (\$75,000) because of bodily
40 injury to or death of one person in any one accident and, subject to said limit for one person,
41 ~~forty thousand dollars (\$40,000)~~ one hundred fifty thousand dollars (\$150,000) because of
42 bodily injury to or death of two or more persons in any one accident, and ~~twenty five thousand~~
43 ~~dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction of
44 property of others in any one accident."

45 **SECTION 7.** G.S. 20-281 reads as rewritten:

46 "**§ 20-281. Liability insurance prerequisite to engaging in business; coverage of policy.**

47 ~~From and after July 1, 1953, it~~ shall be unlawful for any person, firm or corporation to
48 engage in the business of renting or leasing motor vehicles to the public for operation by the
49 rentee or lessee unless such person, firm or corporation has secured insurance for his own
50 liability and that of his rentee or lessee, in such an amount as is hereinafter provided, from an
51 insurance company duly licensed to sell motor vehicle liability insurance in this State. Each

1 such motor vehicle leased or rented must be covered by a policy of liability insurance insuring
2 the owner and rentee or lessee and their agents and employees while in the performance of their
3 duties against loss from any liability imposed by law for damages including damages for care
4 and loss of services because of bodily injury to or death of any person and injury to or
5 destruction of property caused by accident arising out of the operation of such motor vehicle,
6 subject to the following minimum limits: ~~thirty thousand dollars (\$30,000)~~ seventy-five
7 thousand dollars (\$75,000) because of bodily injury to or death of one person in any one
8 accident, and ~~sixty thousand dollars (\$60,000)~~ one hundred fifty thousand dollars (\$150,000)
9 because of bodily injury to or death of two or more persons in any one accident, and
10 ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or
11 destruction of property of others in any one accident. Provided, however, that nothing in this
12 Article shall prevent such operators from qualifying as self-insurers under terms and conditions
13 to be prepared and prescribed by the Commissioner of Motor Vehicles or by giving bond with
14 personal or corporate surety, as now provided by G.S. 20-279.24, in lieu of securing the
15 insurance policy hereinbefore provided for."

16 **SECTION 8.** G.S. 58-37-35 reads as rewritten:

17 **"§ 58-37-35. The Facility; functions; administration.**

18 ...

19 (b) The Facility shall reinsure for each coverage available in the Facility to the standard
20 percentage of one hundred percent (100%) or lesser equitable percentage established in the
21 Facility's plan of operation as follows:

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

- 24 a. Bodily injury liability: ~~thirty thousand dollars (\$30,000)~~ seventy-five
25 thousand dollars (\$75,000) each person, ~~sixty thousand dollars~~
26 ~~(\$60,000)~~ one hundred fifty thousand dollars (\$150,000) each
27 accident;
- 28 b. Property damage liability: ~~twenty five thousand dollars (\$25,000)~~
29 fifty thousand dollars (\$50,000) each accident;
- 30 c. Medical payments: one thousand dollars (\$1,000) each person;
31 except that this coverage shall not be available for motorcycles;
- 32 d. Uninsured motorist: ~~thirty thousand dollars (\$30,000)~~ seventy-five
33 thousand dollars (\$75,000) each person; ~~sixty thousand dollars~~
34 ~~(\$60,000)~~ one hundred fifty thousand dollars (\$150,000) each
35 accident for bodily injury; ~~twenty five thousand dollars (\$25,000)~~
36 fifty thousand dollars (\$50,000) each accident property damage (one
37 hundred dollars (\$100.00) deductible);
- 38 e. Any other motor vehicle insurance or financial responsibility limits
39 in the amounts required by any federal law or federal agency
40 regulation; by any law of this State; or by any rule duly adopted
41 under Chapter 150B of the General Statutes or by the North Carolina
42 Utilities Commission.

43 (2) Additional ceding privileges for motor vehicle insurance shall be provided
44 by the Board of Governors up to the following:

- 45 a. Bodily injury liability: one hundred thousand dollars (\$100,000) each
46 person, three hundred thousand dollars (\$300,000) each accident;
- 47 b. Property damage liability: ~~fifty thousand dollars (\$50,000)~~ one
48 hundred thousand dollars (\$100,000) each accident;
- 49 c. Medical payments: two thousand dollars (\$2,000) each person;
50 except that this coverage shall not be available for motorcycles;

- 1 d. Underinsured motorist: one million dollars (\$1,000,000) each person
2 and each accident for bodily injury liability; and
3 e. Uninsured motorist: one million dollars (\$1,000,000) each person
4 and each accident for bodily injury and ~~fifty thousand dollars~~
5 ~~(\$50,000)~~ one hundred thousand dollars (\$100,000) each accident for
6 property damage (one hundred dollars (\$100.00) deductible).
7 (2a) For persons who must maintain liability coverage limits above those
8 available under subdivision (2) of this subsection in order to obtain or
9 continue coverage under personal excess liability or personal "umbrella"
10 insurance policies, additional ceding privileges for motor vehicle insurance
11 shall be provided by the Board of Governors up to the following:
12 a. Bodily injury liability: two hundred fifty thousand dollars (\$250,000)
13 each person, five hundred thousand dollars (\$500,000) each accident.
14 b. Property damage liability: one hundred thousand dollars (\$100,000)
15 each accident.
16 c. Medical payments: five thousand dollars (\$5,000) each person;
17 except that this coverage shall not be available for motorcycles.
18 d. Uninsured motorist: one hundred thousand dollars (\$100,000) each
19 accident for property damage (one hundred dollars (\$100.00)
20 deductible).
21 (3) Whenever the additional ceding privileges are provided as in
22 G.S. 58-37-35(b)(2) for any component of motor vehicle insurance, the same
23 additional ceding privileges shall be available to "all other" types of risks
24 subject to the rating jurisdiction of the North Carolina Rate Bureau.

25"

26 **SECTION 9.** G.S. 62-268 reads as rewritten:

27 **"§ 62-268. Security for protection of public; liability insurance.**

28 No certificate or broker's license shall be issued or remain in force until the applicant shall
29 have procured and filed with the Division of Motor Vehicles such security bond, insurance or
30 self-insurance for the protection of the public as the Commission shall by regulation require.
31 The Commission shall require that every motor carrier for which a certificate or license is
32 required by the provisions of this Chapter, shall maintain liability insurance or satisfactory
33 surety of at least ~~fifty thousand dollars (\$50,000)~~ one hundred thousand dollars (\$100,000)
34 because of bodily injury to or death of one person in any one accident and, subject to said limit
35 for one person, ~~one hundred thousand dollars (\$100,000)~~ two hundred thousand dollars
36 (\$200,000) because of bodily injury to or death of two or more persons in any one accident, and
37 fifty thousand dollars (\$50,000) because of injury to or destruction of property of others in any
38 one accident; and the Commission may require any greater amount of insurance as may be
39 necessary for the protection of the public. Notwithstanding any rule or regulation to the
40 contrary, the Commission shall not require that any insurance procured and filed be provided in
41 any single policy of insurance or through a single insurer, if the insurers involved are otherwise
42 qualified. A motor carrier may satisfy the requirements of the Commission by procuring
43 insurance with coverage and limits of liability required by the Commission in one or more
44 policies of insurance issued by one or more insurers.

45 Notwithstanding any other provisions of this section or Chapter, bus companies shall file
46 with the Commission proof of financial responsibility in the form of bonds, policies of
47 insurance, or shall qualify as a self insurer, with minimum levels of financial responsibility as
48 prescribed for motor carriers of passengers pursuant to the provisions of 49 U.S.C. § 31138.
49 Provided, further, that no bus company operating solely within the State of North Carolina and
50 which is exempt from regulation under the provisions of G.S. 62-260(a)(7) shall be required to

1 file with the Commission proof of the financial responsibility in excess of one million five
2 hundred thousand dollars (\$1,500,000)."
3 **SECTION 10.** This act becomes effective January 1, 2010, and applies to policies
4 issued or renewed on or after that date.