

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1989

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HOUSE BILL 242*
Second Edition Engrossed 3/21/89
Insurance Senate Committee Substitute Adopted 6/22/89

Short Title: Private Passenger Motor Vehicle.

(Public)

Sponsors:

Referred to:

February 16, 1989

A BILL TO BE ENTITLED
AN ACT TO AMEND THE DEFINITION OF PRIVATE PASSENGER MOTOR
VEHICLE FOR INSURANCE RATING PURPOSES AND TO PROVIDE FOR
THE REGULATION OF EXTENDED WARRANTIES BY THIRD PARTIES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-131.35A(1) reads as rewritten:

"§ 58-131.35A. Other definitions.

As used in this Article and in Articles 12B and 25A of this Chapter:

(1) 'Private passenger motor vehicle' means:

a. A motor vehicle of the private passenger or station wagon type that is owned or hired under a long-term contract by the policy named insured and that is neither used as a public or livery conveyance for passengers nor rented to others without a driver; or

b. ~~A motor vehicle with a pick-up body, a delivery sedan or a panel truck that is owned by an individual or by husband and wife or individuals who are residents of the same household and that is not customarily used in the occupation, profession, or business of the insured other than farming or ranching. Such vehicles owned by a family farm copartnership or corporation shall be considered owned by an individual for purposes of this Article; or~~ A motor vehicle that is a pickup truck or van that is

1 owned by an individual or by husband and wife or individuals
2 who are residents of the same household if it:

3 1. Has a gross vehicle weight as specified by the
4 manufacturer of less than 10,000 pounds; and

5 2. Is not used for the delivery or transportation of goods or
6 materials unless such use is (i) incidental to the insured's
7 business of installing, maintaining, or repairing
8 furnishings or equipment, or (ii) for farming or ranching.

9 Such vehicles owned by a family farm copartnership or a family
10 farm corporation shall be considered owned by an individual for
11 the purposes of this section; or

12 c. A motorcycle, motorized scooter or other similar motorized
13 vehicle not used for commercial purposes."

14 Sec. 2. G.S. 58-3.1 reads as rewritten:

15 "**§ 58-3.1. Warranties by manufacturers, distributors, or sellers of goods or**
16 **services.**

17 (a) As used in this section:

18 (1) 'Goods' means all things that are moveable at the time of sale or at the
19 time the buyer takes possession. 'Goods' includes things not in
20 existence at the time the transaction is entered into; and includes things
21 that are furnished or used at the time of sale or subsequently in
22 modernization, rehabilitation, repair, alteration, improvement, or
23 construction on real property so as to become a part of real property
24 whether or not they are severable from real property.

25 (2) 'Services' means work, labor, and other personal services.

26 (b) Any warranty made solely by a manufacturer, distributor, or seller of goods
27 or services without charge, or an extended warranty offered as an option and made
28 solely by a manufacturer, distributor, or seller of goods or services for charge, that
29 guarantees indemnity for defective parts, mechanical or electrical breakdown, labor, or
30 any other remedial measure, including replacement of goods or repetition of services,
31 shall not be a contract of insurance under this Chapter.

32 (c) Nothing in this section affects the provisions of Article 3C of this Chapter.
33 Any warranty or extended warranty made by any person other than the manufacturer,
34 distributor, or seller of the warranted goods or services is a contract of insurance.

35 (d) Notwithstanding subsection (c) of this section, corporations organized to
36 provide extended warranties for a manufacturer, distributor, or seller of goods or
37 services shall be subject to regulation by the Commissioner. Such corporations shall
38 escrow or reserve, in a bank approved by the Commissioner, twenty-five percent (25%)
39 of the corporations's fee for each extended warranty, or such higher percentage as
40 required by the Commissioner. Such escrow or reserve shall be used only for the
41 payment of claims under such extended warranty during the period of the warranty.
42 The Commissioner is authorized to adopt rules to further the purposes of this
43 subsection. Upon compliance with the provisions of this subsection and rules adopted

1 by the Commissioner, such corporations shall be issued certificates of authority to
2 provide such extended warranties."

3 Sec. 3. This act is effective upon ratification.