

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 990\*

Short Title: Increase Auto Insurance Coverage.

(Public)

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Sponsors: Representatives Nesbitt; and Hensley.

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Referred to: Insurance.

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April 13, 1999

A BILL TO BE ENTITLED

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

4 The General Assembly of North Carolina enacts:

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

6 "(11) 'Proof of financial responsibility': Proof of ability to respond in  
7 damages for liability, on account of accidents occurring subsequent to  
8 the effective date of said proof, arising out of the ownership,  
9 maintenance or use of a motor vehicle, in the amount of ~~twenty-five~~  
10 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of  
11 bodily injury to or death of one person in any one accident, and, subject  
12 to said limit for one person, in the amount of ~~fifty thousand dollars~~  
13 ~~(\$50,000)~~ one hundred thousand dollars (\$100,000) because of bodily  
14 injury to or death of two or more persons in any one accident, and in the  
15 amount of ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand dollars  
16 (\$25,000) because of injury to or destruction of property of others in any  
17 one accident. Nothing contained herein shall prevent an insurer and an  
18 insured from entering into a contract, not affecting third parties,  
19

1 providing for a deductible as to property damage at a rate approved by  
2 the Commissioner of Insurance."

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

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

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

26 No such policy or bond shall be effective under this section unless issued by an  
27 insurance company or surety company authorized to do business in this State, except that  
28 if such motor vehicle was not registered in this State, or was a motor vehicle which was  
29 registered elsewhere than in this State at the effective date of the policy or bond, or the  
30 most recent renewal thereof, or if such operator not an owner was a nonresident of this  
31 State, such policy or bond shall not be effective under this section unless the insurance  
32 company or surety company if not authorized to do business in this State shall execute a  
33 power of attorney authorizing the Commissioner to accept service on its behalf of notice  
34 or process in any action upon such policy, or bond arising out of such accident, and  
35 unless said insurance company or surety company, if not authorized to do business in this  
36 State, is authorized to do business in the state or other jurisdiction where the motor  
37 vehicle is registered or, if such policy or bond is filed on behalf of an operator not an  
38 owner who was a nonresident of this State, unless said insurance company or surety  
39 company, if not authorized to do business in this State, is authorized to do business in the  
40 state or other jurisdiction of residence of such operator; provided, however, every such  
41 policy or bond is subject, if the accident has resulted in bodily injury or death, to a limit,  
42 exclusive of interest and cost, of not less than ~~twenty five thousand dollars (\$25,000)~~ fifty  
43 thousand dollars (\$50,000) because of bodily injury to or death of one person in any one

1 accident and, subject to said limit for one person, to a limit of not less than ~~twenty-five thousand~~  
2 ~~dollars (\$25,000)~~ one hundred thousand dollars (\$100,000) because of bodily injury to or  
3 death of two or more persons in any one accident, and, if the accident has resulted in  
4 injury to or destruction of property, to a limit of not less than ~~fifteen thousand dollars~~  
5 ~~(\$15,000)~~ twenty-five thousand dollars (\$25,000) because of injury to or destruction of  
6 property of others in any one accident."

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

8 **"§ 20-279.15. Payment sufficient to satisfy requirements.**

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

- 11 (1) When ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars  
12 (\$50,000) has been credited upon any judgment or judgments rendered  
13 in excess of that amount because of bodily injury to or death of one  
14 person as the result of any one accident; or  
15 (2) When, subject to such limit of ~~twenty-five thousand dollars (\$25,000)~~ fifty  
16 thousand dollars (\$50,000) because of bodily injury to or death of one  
17 person, the sum of ~~fifty thousand dollars (\$50,000)~~ one hundred thousand  
18 dollars (\$100,000) has been credited upon any judgment or judgments  
19 rendered in excess of that amount because of bodily injury to or death of  
20 two or more persons as the result of any one accident; or  
21 (3) When ~~fifteen thousand dollars (\$15,000)~~ twenty-five thousand dollars  
22 (\$25,000) has been credited upon any judgment or judgments rendered  
23 in excess of that amount because of injury to or destruction of property  
24 of others as a result of any one accident;

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

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

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

- 30 (1) Shall designate by explicit description or by appropriate reference all  
31 motor vehicles with respect to which coverage is thereby to be granted;  
32 (2) Shall insure the person named therein and any other person, as insured,  
33 using any such motor vehicle or motor vehicles with the express or  
34 implied permission of such named insured, or any other persons in  
35 lawful possession, against loss from the liability imposed by law for  
36 damages arising out of the ownership, maintenance or use of such motor  
37 vehicle or motor vehicles within the United States of America or the  
38 Dominion of Canada subject to limits exclusive of interest and costs,  
39 with respect to each such motor vehicle, as follows: ~~twenty-five thousand~~  
40 ~~dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of bodily  
41 injury to or death of one person in any one accident and, subject to said  
42 limit for one person, ~~fifty thousand dollars (\$50,000)~~ one hundred  
43 thousand dollars (\$100,000) because of bodily injury to or death of two

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

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

5 "(a) Proof of financial responsibility may be evidenced by the certificate of the  
6 State Treasurer that the person named therein has deposited with him ~~sixty five thousand~~  
7 ~~dollars (\$65,000)~~ one hundred twenty-five thousand dollars (\$125,000) in cash, or  
8 securities such as may legally be purchased by savings banks or for trust funds of a  
9 market value of ~~sixty five thousand dollars (\$65,000)~~ one hundred twenty-five thousand  
10 dollars (\$125,000). The State Treasurer shall not accept any such deposit and issue a  
11 certificate therefor and the Commissioner shall not accept such certificate unless  
12 accompanied by evidence that there are no unsatisfied judgments of any character against  
13 the depositor in the county where the depositor resides."

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

15 "**§ 20-280. Filing proof of financial responsibility with governing board of**  
16 **municipality or county.**

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

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

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

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

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

1 ownership, use or operation of such taxicab or taxicabs, subject to limits (exclusive of  
2 interests and costs) with respect to each such motor vehicle as follows: ~~twenty-five~~  
3 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of bodily injury to or  
4 death of one person in any one accident and, subject to said limit for one person, ~~fifty~~  
5 ~~thousand dollars (\$50,000)~~ one hundred thousand dollars (\$100,000) because of bodily  
6 injury to or death of two or more persons in any one accident, and ~~fifteen thousand dollars~~  
7 ~~(\$15,000)~~ twenty-five thousand dollars (\$25,000) because of injury to or destruction of  
8 property of others in any one accident.

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

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

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

24 **"§ 20-281. Liability insurance prerequisite to engaging in business; coverage of**  
25 **policy.**

26 From and after July 1, 1953, it shall be unlawful for any person, firm or corporation to  
27 engage in the business of renting or leasing motor vehicles to the public for operation by  
28 the rentee or lessee unless such person, firm or corporation has secured insurance for his  
29 own liability and that of his rentee or lessee, in such an amount as is hereinafter provided,  
30 from an insurance company duly licensed to sell motor vehicle liability insurance in this  
31 State. Each such motor vehicle leased or rented must be covered by a policy of liability  
32 insurance insuring the owner and rentee or lessee and their agents and employees while in  
33 the performance of their duties against loss from any liability imposed by law for  
34 damages including damages for care and loss of services because of bodily injury to or  
35 death of any person and injury to or destruction of property caused by accident arising  
36 out of the operation of such motor vehicle, subject to the following minimum limits:  
37 ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of bodily  
38 injury to or death of one person in any one accident, and ~~fifty thousand dollars (\$50,000)~~  
39 one hundred thousand dollars (\$100,000) because of bodily injury to or death of two or  
40 more persons in any one accident, and ~~fifteen thousand dollars (\$15,000)~~ twenty-five  
41 thousand dollars (\$25,000) because of injury to or destruction of property of others in any  
42 one accident. Provided, however, that nothing in this Article shall prevent such operators  
43 from qualifying as self-insurers under terms and conditions to be prepared and prescribed

1 by the Commissioner of Motor Vehicles or by giving bond with personal or corporate  
2 surety, as now provided by G.S. 20-279.24, in lieu of securing the insurance policy  
3 hereinbefore provided for."

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

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

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

- 10 a. Bodily injury liability: ~~twenty-five thousand dollars (\$25,000)~~ fifty  
11 thousand dollars (\$50,000) each person, ~~fifty thousand dollars~~  
12 ~~(\$50,000)~~ one hundred thousand dollars (\$100,000) each accident;
- 13 b. Property damage liability: ~~fifteen thousand dollars (\$15,000)~~  
14 twenty-five thousand dollars (\$25,000) each person;
- 15 c. Medical payments: one thousand dollars (\$1,000) each person;  
16 except that this coverage shall not be available for motorcycles;
- 17 d. Uninsured motorist: ~~twenty-five thousand dollars (\$25,000)~~ fifty  
18 thousand dollars (\$50,000) each person; ~~fifty thousand dollars~~  
19 ~~(\$50,000)~~ one hundred thousand dollars (\$100,000) each accident  
20 for bodily injury; ~~fifteen thousand dollars (\$15,000)~~ twenty-five  
21 thousand dollars (\$25,000) each accident property damage (one  
22 hundred dollars (\$100.00) deductible);
- 23 e. Any other motor vehicle insurance or financial responsibility  
24 limits in the amounts required by any federal law or federal  
25 agency regulation; by any law of this State; or by any rule duly  
26 adopted under Chapter 150B of the General Statutes or by the  
27 North Carolina Utilities Commission.

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

32 Bodily injury liability: one hundred thousand dollars (\$100,000) each  
33 person, three hundred thousand dollars (\$300,000) each accident;

34 Property damage liability: fifty thousand dollars (\$50,000) each  
35 accident;

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

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

40 Uninsured motorist: one hundred thousand dollars (\$100,000) each  
41 person and each accident for bodily injury and ~~fifteen thousand dollars~~  
42 ~~(\$15,000)~~ fifty thousand dollars (\$50,000) for property damage (one  
43 hundred dollars (\$100.00) deductible).

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

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