

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40205-NE-49

Short Title: Motor Vehicle Insurance Reform. (Public)

Sponsors: Representative Stevens.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT MAKING VARIOUS CHANGES TO THE MOTOR VEHICLE INSURANCE AND  
3 SERVICE OF PROCESS LAWS OF NORTH CAROLINA.

4 The General Assembly of North Carolina enacts:

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

6 "§ 20-279.1. Definitions.

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

10 ...

11 (11) "Proof of financial responsibility": Proof of ability to respond in damages for  
12 liability, on account of accidents occurring subsequent to the effective date of  
13 said proof, arising out of the ownership, maintenance or use of a motor  
14 vehicle, in the amount of ~~thirty thousand dollars (\$30,000)~~ fifty thousand  
15 dollars (\$50,000) because of bodily injury to or death of one person in any one  
16 accident, and, subject to said limit for one person, in the amount of ~~sixty~~  
17 ~~thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000) because  
18 of bodily injury to or death of two or more persons in any one accident, and  
19 in the amount of ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars  
20 (\$50,000) because of injury to or destruction of property of others in any one  
21 accident. Nothing contained herein shall prevent an insurer and an insured  
22 from entering into a contract, not affecting third parties, providing for a  
23 deductible as to property damage at a rate approved by the Commissioner of  
24 Insurance.

25 ...."

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 ...

32 No such policy or bond shall be effective under this section unless issued by an insurance  
33 company or surety company authorized to do business in this State, except that if such motor  
34 vehicle was not registered in this State, or was a motor vehicle which was registered elsewhere  
35 than in this State at the effective date of the policy or bond, or the most recent renewal thereof,  
36 or if such operator not an owner was a nonresident of this State, such policy or bond shall not be



1 effective under this section unless the insurance company or surety company if not authorized to  
 2 do business in this State shall execute a power of attorney authorizing the Commissioner to accept  
 3 service on its behalf of notice or process in any action upon such policy, or bond arising out of  
 4 such accident, and unless said insurance company or surety company, if not authorized to do  
 5 business in this State, is authorized to do business in the state or other jurisdiction where the  
 6 motor vehicle is registered or, if such policy or bond is filed on behalf of an operator not an owner  
 7 who was a nonresident of this State, unless said insurance company or surety company, if not  
 8 authorized to do business in this State, is authorized to do business in the state or other jurisdiction  
 9 of residence of such operator; provided, however, every such policy or bond is subject, if the  
 10 accident has resulted in bodily injury or death, to a limit, exclusive of interest and cost, of not  
 11 less than ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) because of bodily  
 12 injury to or death of one person in any one accident and, subject to said limit for one person, to  
 13 a limit of not less than ~~sixty thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000)  
 14 because of bodily injury to or death of two or more persons in any one accident, and, if the  
 15 accident has resulted in injury to or destruction of property, to a limit of not less than ~~twenty-five~~  
 16 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction of  
 17 property of others in any one accident."

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

19 **"§ 20-279.15. Payment sufficient to satisfy requirements.**

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

- 22 (1) When ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) has  
 23 been credited upon any judgment or judgments rendered in excess of that  
 24 amount because of bodily injury to or death of one person as the result of any  
 25 one accident; or
- 26 (2) When, subject to such limit of ~~thirty thousand dollars (\$30,000)~~ sixty thousand  
 27 dollars (\$60,000) because of bodily injury to or death of one person, the sum  
 28 of ~~sixty thousand dollars (\$60,000)~~ one hundred thousand dollars (\$100,000)  
 29 has been credited upon any judgment or judgments rendered in excess of that  
 30 amount because of bodily injury to or death of two or more persons as the  
 31 result of any one accident; or
- 32 (3) When ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000)  
 33 has been credited upon any judgment or judgments rendered in excess of that  
 34 amount because of injury to or destruction of property of others as a result of  
 35 any one accident;

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

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

40 **"§ 20-279.21. "Motor vehicle liability policy" defined.**

- 41 ...
- 42 (b) Except as provided in G.S. 20-309(a2), such owner's policy of liability insurance:

- 43 ...
- 44 (2) Shall insure the person named therein and any other person, as insured, using  
 45 any such motor vehicle or motor vehicles with the express or implied  
 46 permission of such named insured, or any other persons in lawful possession,  
 47 against loss from the liability imposed by law for damages arising out of the  
 48 ownership, maintenance or use of such motor vehicle or motor vehicles within  
 49 the United States of America or the Dominion of Canada subject to limits  
 50 exclusive of interest and costs, with respect to each such motor vehicle, as  
 51 follows: ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000)

- 1 because of bodily injury to or death of one person in any one accident and,  
2 subject to said limit for one person, ~~sixty thousand dollars (\$60,000)~~ one  
3 hundred thousand dollars (\$100,000) because of bodily injury to or death of  
4 two or more persons in any one accident, and ~~twenty five thousand dollars~~  
5 ~~(\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction  
6 of property of others in any one accident; and
- 7 (3) No policy of bodily injury liability insurance, covering liability arising out of  
8 the ownership, maintenance, or use of any motor vehicle, shall be delivered  
9 or issued for delivery in this State with respect to any motor vehicle registered  
10 or principally garaged in this State unless coverage is provided therein or  
11 supplemental thereto, under provisions filed with and approved by the  
12 Commissioner of Insurance, for the protection of persons insured thereunder  
13 who are legally entitled to recover damages from owners or operators of  
14 uninsured motor vehicles and hit-and-run motor vehicles because of bodily  
15 injury, sickness or disease, including death, resulting therefrom. The limits of  
16 such uninsured motorist bodily injury coverage shall be equal to the highest  
17 limits of bodily injury liability coverage for any one vehicle insured under the  
18 policy; provided, however, that (i) the limits shall not exceed one million  
19 dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per  
20 accident regardless of whether the highest limits of bodily injury liability  
21 coverage for any one vehicle insured under the policy exceed those limits and  
22 (ii) a named insured may purchase greater or lesser limits, except that the  
23 limits shall not be less than the bodily injury liability limits required pursuant  
24 to subdivision (2) of this subsection, and in no event shall an insurer be  
25 required by this subdivision to sell uninsured motorist bodily injury coverage  
26 at limits that exceed one million dollars (\$1,000,000) per person and one  
27 million dollars (\$1,000,000) per accident. When the policy is issued and  
28 renewed, the insurer shall notify the named insured as provided in subsection  
29 (m) of this section. The provisions shall include coverage for the protection of  
30 persons insured under the policy who are legally entitled to recover damages  
31 from owners or operators of uninsured motor vehicles because of injury to or  
32 destruction of the property of such insured. The limits of such uninsured  
33 motorist property damage coverage shall be equal to the highest limits of  
34 property damage liability coverage for any one vehicle insured under the  
35 policy; provided, however, that (i) the limits shall not exceed one million  
36 dollars (\$1,000,000) per accident regardless of whether the highest limits of  
37 property damage liability coverage for any one vehicle insured under the  
38 policy exceed those limits and (ii) a named insured may purchase lesser limits,  
39 except that the limits shall not be less than the property damage liability limits  
40 required pursuant to subdivision (2) of this subsection. When the policy is  
41 issued and renewed, the insurer shall notify the named insured as provided in  
42 subsection (m) of this section. For uninsured motorist property damage  
43 coverage, the limits purchased by the named insured shall be subject, for each  
44 insured, to an exclusion of the first one hundred dollars (\$100.00) of such  
45 damages. The provision shall further provide that a written statement by the  
46 liability insurer, whose name appears on the certification of financial  
47 responsibility made by the owner of any vehicle involved in an accident with  
48 the insured, that the other motor vehicle was not covered by insurance at the  
49 time of the accident with the insured shall operate as a prima facie  
50 presumption that the operator of the other motor vehicle was uninsured at the

time of the accident with the insured for the purposes of recovery under this provision of the insured's liability insurance policy.

...

a. A provision that the insurer shall be bound by a final judgment taken by the insured against an uninsured motorist if the insurer has been served with copy of summons, complaint or other process in the action against the uninsured motorist by registered or certified mail, return receipt requested, or in any manner provided by law; ~~provided however, that the law.~~ The insurer may also be issued a summons, complaint, or other process as an unnamed party and served by registered or certified mail, return receipt requested, or in any manner provided by law. Service outside of the statute of limitations shall be valid so long as the summons has been properly issued, preserved, and served pursuant to North Carolina Rule of Civil Procedure 4. The determination of whether a motorist is uninsured may be decided only by an action against the insurer alone. The insurer, upon being served as herein provided, shall be a party to the action between the insured and the uninsured motorist though not named in the caption of the pleadings and may defend the suit in the name of the uninsured motorist or in its own name. The insurer, upon being served with copy of summons, complaint or other pleading, shall have the time allowed by statute in which to answer, demur or otherwise plead (whether the pleading is verified or not) to the summons, complaint or other process served upon it. The consent of the insurer shall not be required for the initiation of suit by the insured against the uninsured motorist: Provided, however, no action shall be initiated by the insured until 60 days following the posting of notice to the insurer at the address shown on the policy or after personal delivery of the notice to the insurer or its agent setting forth the belief of the insured that the prospective defendant or defendants are uninsured motorists. No default judgment shall be entered when the insurer has timely filed an answer or other pleading as required by law. The failure to post notice to the insurer 60 days in advance of the initiation of suit shall not be grounds for dismissal of the action, but shall automatically extend the time for the filing of an answer or other pleadings to 60 days after the time of service of the summons, complaint, or other process on the insurer.

...

(4) Shall, in addition to the coverages set forth in subdivisions (2) and (3) of this subsection, provide underinsured motorist coverage, to be used only with a policy that is written at limits that exceed those prescribed by subdivision (2) of this subsection. The limits of such underinsured motorist bodily injury coverage shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy; provided, however, that (i) the limits shall not exceed one million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident regardless of whether the highest limits of bodily injury liability coverage for any one vehicle insured under the policy exceed those limits, (ii) a named insured may purchase greater or lesser limits, except that the limits shall exceed the bodily injury liability limits required pursuant to subdivision (2) of this subsection, and in no event shall an insurer be required by this subdivision to sell underinsured motorist bodily injury coverage at limits that exceed one million dollars (\$1,000,000) per

1 person and one million dollars (\$1,000,000) per accident, and (iii) the limits  
2 shall be equal to the limits of uninsured motorist bodily injury coverage  
3 purchased pursuant to subdivision (3) of this subsection. When the policy is  
4 issued and renewed, the insurer shall notify the named insured as provided in  
5 subsection (m) of this section. An "uninsured motor vehicle," as described in  
6 subdivision (3) of this subsection, includes an "underinsured highway  
7 vehicle," which means a highway vehicle with respect to the ownership,  
8 maintenance, or use of which, the sum of the limits of liability under all bodily  
9 injury liability bonds and insurance policies applicable at the time of the  
10 accident is less than ~~the applicable limits of underinsured motorist coverage~~  
11 ~~for the vehicle involved in the accident and insured under the owner's policy.~~  
12 the total damages sustained by an individual seeking payment of benefits  
13 under this subdivision. For purposes of an underinsured motorist claim  
14 asserted by a person injured in an accident where more than one person is  
15 injured, a highway vehicle will also be an "underinsured highway vehicle" if  
16 all bodily injury liability bonds and insurance policies applicable to such  
17 highway vehicle at the time of the accident are exhausted and the total amount  
18 actually paid to that person under from the exhaustion of all bodily injury  
19 liability bonds and insurance policies applicable to such highway vehicle at  
20 the time of the accident is less than the applicable limits of underinsured  
21 motorist coverage for the vehicle involved in the accident and insured under  
22 the owner's policy. ~~the total damages sustained by such person seeking~~  
23 payment of benefits under this subdivision. Notwithstanding the immediately  
24 preceding sentence, a highway vehicle shall not be an "underinsured motor  
25 vehicle" for purposes of an underinsured motorist claim under an owner's  
26 policy insuring that vehicle unless the owner's policy insuring that vehicle  
27 provides underinsured motorist coverage with limits that are greater than that  
28 policy's bodily injury liability ~~limits.~~ limits, in which event the available  
29 underinsured motorist coverage is that amount of underinsured motorist  
30 coverage under the owner's policy insuring that vehicle which exceeds the  
31 policy's bodily injury liability limits. For the purposes of this subdivision, the  
32 term "highway vehicle" means a land motor vehicle or trailer other than (i) a  
33 farm-type tractor or other vehicle designed for use principally off public roads  
34 and while not upon public roads, (ii) a vehicle operated on rails or  
35 crawler-treads, or (iii) a vehicle while located for use as a residence or  
36 premises. The provisions of subdivision (3) of this subsection shall apply to  
37 the coverage required by this subdivision. Underinsured motorist coverage is  
38 deemed to apply when, by reason of payment of judgment or settlement, all  
39 liability bonds or insurance policies providing coverage for bodily injury  
40 caused by the ownership, maintenance, or use of the underinsured highway  
41 vehicle have been exhausted. Exhaustion of that liability coverage for the  
42 purpose of any single ~~liability~~ claim presented for underinsured motorist  
43 coverage is deemed to occur when either (a) the limits of liability per claim  
44 have been paid or tendered upon the claim, or (b) by reason of multiple claims,  
45 the aggregate per occurrence limit of liability has been ~~paid.~~ paid or tendered.  
46 Underinsured motorist coverage is deemed to apply to the first dollar of an  
47 underinsured motorist coverage claim beyond amounts paid to the claimant  
48 under the exhausted liability ~~policy.~~ policy or policies applicable to the  
49 underinsured highway vehicle at the time of the accident. The amount of  
50 underinsured motorist coverage applicable to any claim for benefits under this  
51 subdivision shall not be reduced by a setoff or credit against any coverage,

including liability insurance, except for workers' compensation coverage to the extent provided for in subsection (e) of this section. If a claimant is an insured under the underinsured motorist coverage on separate or additional policies, the total amount of underinsured motorist coverage applicable to the claimant is the sum of the limits of the claimant's underinsured motorist coverages as determined by combining the highest limit available under each policy, and shall not be reduced by a setoff against any coverage, including liability insurance, except for workers' compensation coverage to the extent provided for in subsection (e) of this section.

~~In any event, the limit of underinsured motorist coverage applicable to any claim is determined to be the difference between the amount paid to the claimant under the exhausted liability policy or policies and the limit of underinsured motorist coverage applicable to the motor vehicle involved in the accident. Furthermore, if a claimant is an insured under the underinsured motorist coverage on separate or additional policies, the limit of underinsured motorist coverage applicable to the claimant is the difference between the amount paid to the claimant under the exhausted liability policy or policies and the total limits of the claimant's underinsured motorist coverages as determined by combining the highest limit available under each policy; provided that this sentence shall apply only to insurance on nonfleet private passenger motor vehicles as described in G.S. 58-40-15(9) and (10). The underinsured motorist limits applicable to any one motor vehicle under a policy shall not be combined with or added to the limits applicable to any other motor vehicle under that policy.~~

...

(m) Every insurer that sells motor vehicle liability policies subject to the requirements of subdivisions (b)(3) and (b)(4) of this section shall, when issuing and renewing a policy, give reasonable notice to the named insured of all of the following:

(1) The named insured is required to purchase uninsured motorist bodily injury coverage, uninsured motorist property damage coverage, ~~and, if applicable,~~ and underinsured motorist bodily injury coverage.

...

(4) The named insured's underinsured motorist bodily injury coverage ~~limits, if applicable,~~ limits shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for underinsured motorist bodily injury coverage.

...."

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

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

(a) Proof of financial responsibility may be evidenced by the certificate of the State Treasurer that the person named therein has deposited with him ~~eighty-five thousand dollars (\$85,000)~~ one hundred twenty-five thousand dollars (\$125,000) in cash, or securities such as may legally be purchased by savings banks or for trust funds of a market value of ~~eighty-five thousand dollars (\$85,000)~~ one hundred twenty-five thousand dollars (\$125,000). The State Treasurer shall not accept any such deposit and issue a certificate therefor and the Commissioner shall not accept such certificate unless accompanied by evidence that there are no unsatisfied judgments of any character against the depositor in the county where the depositor resides.

...."

SECTION 6. G.S. 20-281 reads as rewritten:

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

1 From and after July 1, 1953, it shall be unlawful for any person, firm or corporation to engage  
 2 in the business of renting or leasing motor vehicles to the public for operation by the rentee or  
 3 lessee unless such person, firm or corporation has secured insurance for his own liability and that  
 4 of his rentee or lessee, in such an amount as is hereinafter provided, from an insurance company  
 5 duly licensed to sell motor vehicle liability insurance in this State. Each such motor vehicle leased  
 6 or rented must be covered by a policy of liability insurance insuring the owner and rentee or  
 7 lessee and their agents and employees while in the performance of their duties against loss from  
 8 any liability imposed by law for damages including damages for care and loss of services because  
 9 of bodily injury to or death of any person and injury to or destruction of property caused by  
 10 accident arising out of the operation of such motor vehicle, subject to the following minimum  
 11 limits: ~~thirty thousand dollars (\$30,000)~~ fifty thousand dollars (\$50,000) because of bodily injury  
 12 to or death of one person in any one accident, and ~~sixty thousand dollars (\$60,000)~~ one hundred  
 13 thousand dollars (\$100,000) because of bodily injury to or death of two or more persons in any  
 14 one accident, and ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000)  
 15 because of injury to or destruction of property of others in any one accident. Provided, however,  
 16 that nothing in this Article shall prevent such operators from qualifying as self-insurers under  
 17 terms and conditions to be prepared and prescribed by the Commissioner of Motor Vehicles or  
 18 by giving bond with personal or corporate surety, as now provided by G.S. 20-279.24, in lieu of  
 19 securing the insurance policy hereinbefore provided for."

20 **SECTION 7.** G.S. 58-37-35 reads as rewritten:

21 "**§ 58-37-35. The Facility; functions; administration.**

22 ...

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

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

- 28 a. Bodily injury liability: ~~thirty thousand dollars (\$30,000)~~ fifty thousand  
 29 dollars each person, sixty thousand dollars (\$60,000) one hundred  
 30 thousand dollars (\$100,000) each accident;
- 31 b. Property damage liability: ~~twenty five thousand dollars (\$25,000)~~ fifty  
 32 thousand (\$50,000) each accident;
- 33 c. Medical payments: one thousand dollars (\$1,000) each person; except  
 34 that this coverage shall not be available for motorcycles or mopeds;
- 35 d. Uninsured motorist: ~~thirty thousand dollars (\$30,000)~~ fifty thousand  
 36 dollars (\$50,000) each person; sixty thousand dollars (\$60,000) one  
 37 hundred thousand dollars (\$100,000) each accident for bodily injury;  
 38 ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars each  
 39 accident property damage (one hundred dollars (\$100.00) deductible);
- 40 e. Any other motor vehicle insurance or financial responsibility limits in  
 41 the amounts required by any federal law or federal agency regulation;  
 42 by any law of this State; or by any rule duly adopted under Chapter  
 43 150B of the General Statutes or by the North Carolina Utilities  
 44 Commission.

45 ...."

46 **SECTION 8.** This act becomes effective October 1, 2023, and applies to policies  
 47 issued, amended, or renewed on or after that date.