

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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**SENATE BILL 729
House Committee Substitute Favorable 7/10/01
House Committee Substitute #2 Favorable 7/31/01**

Short Title: Motorcycle Insurance Rates.

(Public)

Sponsors:

Referred to:

March 29, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO PROVIDE THAT RATES AND CLASSIFICATIONS FOR
3 MOTORCYCLE THEFT AND PHYSICAL DAMAGE INSURANCE ARE TO BE
4 ESTABLISHED BY THE CARRIERS THAT WRITE THOSE COVERAGES
5 AND NOT BY THE NORTH CAROLINA RATE BUREAU; TO PROVIDE THAT
6 THE RATE BUREAU RETAINS JURISDICTION OVER RATES AND
7 CLASSIFICATIONS FOR MOTORCYCLE LIABILITY INSURANCE; AND TO
8 PROVIDE THAT MOTORCYCLE LIABILITY INSURANCE IS STILL
9 CEDABLE TO THE NORTH CAROLINA MOTOR VEHICLE REINSURANCE
10 FACILITY.

11 The General Assembly of North Carolina enacts:

12 **SECTION 1.** G.S. 58-36-1(1) reads as rewritten:

13 "(1) To assume the functions formerly performed by the North Carolina
14 Fire Insurance Rating Bureau, the North Carolina Automobile Rate
15 Administrative Office, and the Compensation Rating and Inspection
16 Bureau of North Carolina, with regard to the promulgation of rates, for
17 insurance against loss to residential real property with not more than
18 four housing units located in this State and any contents thereof and
19 valuable interest therein and other insurance coverages written in
20 connection with the sale of such property insurance; except as
21 provided in G.S. 58-36-3(a)(6), for theft of and physical damage to
22 nonfleet private passenger (nonfleet) motor vehicles as the same are
23 defined under Article 40 of this Chapter; motor vehicles; for liability
24 insurance for such motor vehicles, automobile medical payments
25 insurance, uninsured motorists coverage and other insurance coverages
26 written in connection with the sale of such liability insurance; and for
27 workers' compensation and employers' liability insurance written in

1 connection therewith except for insurance excluded from the Bureau's
2 jurisdiction in G.S. 58-36-1(3)."

3 **SECTION 2.** G.S. 58-36-1(3) reads as rewritten:

4 "(3) The Bureau shall promulgate and propose rates for insurance against
5 loss to residential real property with not more than four housing units
6 located in this State and any contents thereof or valuable interest
7 therein and other insurance coverages written in connection with the
8 sale of such property insurance; for insurance against theft of or
9 physical damage to nonfleet private passenger motor vehicles; for
10 liability insurance for such motor vehicles, automobile medical
11 payments insurance, uninsured and underinsured motorists coverage
12 and other insurance coverages written in connection with the sale of
13 such liability insurance; and, as provided in G.S. 58-36-100, for loss
14 costs and residual market rate filings for workers' compensation and
15 employers' liability insurance written in connection therewith. This
16 subdivision does not apply to motor vehicles operated under
17 certificates of authority from the Utilities Commission, the Interstate
18 Commerce Commission, or their successor agencies, where insurance
19 or other proof of financial responsibility is required by law or by
20 regulations specifically applicable to such certificated vehicles. ~~The
21 Bureau shall have no jurisdiction over excess workers' compensation
22 insurance for employers qualifying as self insurers as provided in
23 Article 47 of this Chapter or Article 5 of Chapter 97 of the General
24 Statutes; nor shall the Bureau's jurisdiction include farm buildings,
25 farm dwellings and their appurtenant structures, farm personal
26 property or other coverages written in connection with farm real or
27 personal property; travel or camper trailers designed to be pulled by
28 private passenger motor vehicles, unless insured under policies
29 covering nonfleet private passenger motor vehicles; mechanical
30 breakdown insurance covering nonfleet private passenger motor
31 vehicles and other incidental coverages written in connection with this
32 insurance, including emergency road service assistance, trip
33 interruption reimbursement, rental car reimbursement, and tire
34 coverage; residential real and personal property insured in multiple
35 line insurance policies covering business activities as the primary
36 insurable interest; and marine, general liability, burglary and theft,
37 glass, and animal collision insurance, except when such coverages are
38 written as an integral part of a multiple line insurance policy for which
39 there is an indivisible premium."~~

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

42 **"§ 58-36-3. Limitation of scope; motorcycle endorsements allowed.**

1 (a) The Bureau has no jurisdiction over:

- 2 (1) Excess workers' compensation insurance for employers qualifying as
3 self-insurers as provided in Article 47 of this Chapter or Article 5 of
4 Chapter 97 of the General Statutes.
5 (2) Farm buildings, farm dwellings, and their appurtenant structures; farm
6 personal property or other coverages written in connection with farm
7 real or personal property.
8 (3) Travel or camper trailers designed to be pulled by private passenger
9 motor vehicles, unless insured under policies covering nonfleet private
10 passenger motor vehicles.
11 (4) Mechanical breakdown insurance covering nonfleet private passenger
12 motor vehicles and other incidental coverages written in connection
13 with this insurance, including emergency road service assistance, trip
14 interruption reimbursement, rental car reimbursement, and tire
15 coverage.
16 (5) Residential real and personal property insured in multiple line
17 insurance policies covering business activities as the primary insurable
18 interest; and marine, general liability, burglary and theft, glass, and
19 animal collision insurance, except when such coverages are written as
20 an integral part of a multiple line insurance policy for which there is an
21 indivisible premium.
22 (6) Insurance against theft of or physical damage to motorcycles, as
23 defined in G.S. 20-4.01(27)d.

24 (b) Member companies writing motorcycle liability insurance under this Article
25 and writing insurance against theft of or physical damage to motorcycles under Article
26 40 of this Chapter may incorporate motorcycle theft and physical damage coverage as
27 an endorsement to the liability policy issued under this Article."

28 **SECTION 4.** G.S. 58-37-1(6) reads as rewritten:

- 29 "(6) "Motor vehicle" means every self-propelled vehicle that is designed
30 for use upon a highway, including trailers and semitrailers designed for
31 use with such vehicles (except traction engines, road rollers, farm
32 tractors, tractor cranes, power shovels, and well drillers). "Motor
33 vehicle" also means a motorcycle, as defined in G.S. 20-4.01(27)d."

34 **SECTION 5.** G.S. 58-40-15 reads as rewritten:

35 **"§ 58-40-15. Scope of application.**

36 The provisions of this Article shall apply to all insurance on risks or on operations in
37 this State, except:

- 38 (1) Reinsurance, other than joint reinsurance to the extent stated in G.S.
39 58-40-60;
40 (2) Any policy of insurance against loss or damage to or legal liability in
41 connection with property located outside this State, or any motor

- 1 vehicle or aircraft principally garaged and used outside of this State, or
2 any activity wholly carried on outside this State;
- 3 (3) Insurance of vessels or craft, their cargoes, marine builders' risks,
4 marine protection and indemnity, or other risks commonly insured
5 under marine, as distinguished from inland marine, insurance policies;
- 6 (4) Accident, health, or life insurance;
- 7 (5) Annuities;
- 8 (6) Repealed by Session Laws 1985, c. 666, s. 43.
- 9 (7) Mortgage guaranty insurance;
- 10 (8) Workers' compensation and employers' liability insurance written in
11 connection therewith;
- 12 (9) For private passenger (nonfleet) motor vehicle liability insurance,
13 automobile medical payments insurance, uninsured motorists'
14 coverage and other insurance coverages written in connection with the
15 sale of such liability insurance;
- 16 (10) Theft of or physical damage to nonfleet private passenger (nonfleet)
17 motor vehicles; except this Article applies to insurance against theft of
18 or physical damage to motorcycles, as defined in G.S. 20-4.01(27)d.;
19 and
- 20 (11) Insurance against loss to residential real property with not more than
21 four housing units located in this State or any contents thereof or
22 valuable interest therein and other insurance coverages written in
23 connection with the sale of such property insurance. Provided,
24 however, that this Article shall apply to insurance against loss to farm
25 dwellings, farm buildings and their appurtenant structures, farm
26 personal property and other coverages written in connection with farm
27 real or personal property; travel or camper trailers designed to be
28 pulled by private passenger motor vehicles unless insured under
29 policies covering nonfleet private passenger motor vehicles; residential
30 real and personal property insured in multiple line insurance policies
31 covering business activities as the primary insurable interest; and
32 marine, general liability, burglary and theft, glass, and animal collision
33 insurance except when such coverages are written as an integral part of
34 a multiple line insurance policy for which there is an indivisible
35 premium.

36 The provisions of this Article shall not apply to hospital service or medical service
37 corporations, investment companies, mutual benefit associations, or fraternal
38 beneficiary associations."

39 **SECTION 6.** This act becomes effective January 1, 2002. Rates, rating
40 systems, territories, classifications, and policy forms lawfully in use on January 1, 2002,
41 may continue to be used thereafter.