

NORTH CAROLINA GENERAL ASSEMBLY
1957 SESSION

CHAPTER 1393
HOUSE BILL 116

AN ACT TO ENCOURAGE AND PROMOTE FINANCIAL RESPONSIBILITY OF
OWNERS OF MOTOR VEHICLES.

The General Assembly of North Carolina do enact:

Section 1. No self-propelled motor vehicle shall be registered in this State unless the owner at the time of registration shows proof of financial responsibility. Proof of financial responsibility shall be evidenced by a certificate of insurance or certificate of financial security bond or a financial security deposit or by qualification as a self-insurer, as these terms are defined and described in Article 9A, Chapter 20 of the General Statutes of North Carolina. The owner of each registered motor vehicle shall maintain proof of financial responsibility continuously throughout the period of registration, provided that where insurance is the type of proof of such financial responsibility such insurance policy need not be written for a period coterminous with the registration year. When insurance with respect to any motor vehicle is terminated by cancellation or failure to renew, the owner shall forthwith surrender the registration certificate and plates of the vehicle to the Department of Motor Vehicles unless proof of financial responsibility otherwise is maintained in compliance with this Act.

Sec. 2. No contract of insurance or renewal thereof shall be terminated by cancellation or failure to renew by the insurer until at least fifteen (15) days after mailing a notice of termination to the named insured at the address shown on the policy. Time of the effective date and hour of termination stated in the notice shall become the end of the policy period. Every such notice of termination for any cause whatsoever sent to the insured shall include on the face of the notice a statement that proof of financial responsibility is required to be maintained continuously throughout the registration period and that operation of a motor vehicle without maintaining such proof of financial responsibility is a misdemeanor. Upon the termination of insurance by cancellation or failure to renew, notice of such cancellation or termination shall be mailed by the insurer to the Commissioner of Motor Vehicles not later than fifteen (15) days following the effective date of such cancellation or other termination.

Sec. 3. The Department of Motor Vehicles, upon receipt of evidence that proof of financial responsibility for any motor vehicle registered in this State is no longer in effect, shall revoke the registration of such vehicle and such revocation shall continue until proof of financial responsibility for said motor vehicle is presented to the Department.

Sec. 4. Failure of an owner to deliver the certificate of registration and registration plates issued by the Department of Motor Vehicles, after revocation thereof as provided in this Act, shall constitute a misdemeanor.

Sec. 5. On and after February 16, 1958, any owner of a motor vehicle registered in this State who shall operate such motor vehicle or permit it to be operated in this State without having in full force and effect the financial responsibility required by the provisions of this Act, shall be guilty of a misdemeanor and upon conviction shall be punished, for each offense, by a fine not to exceed fifty dollars (\$50.00) and not less than ten dollars (\$10.00) or imprisonment not to exceed thirty (30) days.

Sec. 6. The provisions of Article 9A, Chapter 20 of the General Statutes which pertain to the method of giving and maintaining proof of financial responsibility and which

govern and define "motor vehicle liability policy" and assigned risk plans shall apply to filing and maintaining proof of financial responsibility required by this Act. It is intended that the provisions of Article 9A, Chapter 20 of the General Statutes relating to proof of financial responsibility required of each operator and each owner of a motor vehicle involved in an accident, and relating to nonpayment of a judgment as defined in G.S. 20-279.1, shall continue in full force and effect.

Sec. 7. The Commissioner of Motor Vehicles shall administer and enforce the provisions of this Act relating to registration of motor vehicles and may make necessary rules and regulations for its administration.

Sec. 8. Any person who gives information required in a report or otherwise as provided for in this Act, knowing or having reason to believe that such information is false, or who shall forge or, without authority, sign any evidence of proof of financial responsibility, or who files or offers for filing any such evidence of proof knowing or having reason to believe that it is forged or signed without authority, shall be fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than one year, or both.

Sec. 9. This Act shall not be held to apply to or affect policies of automobile insurance against liability which may now or hereafter be required by any other law of this State, and such policies, if they contain an agreement or are endorsed to conform to the requirements of this Act, may be certified as proof of financial responsibility under this Act; provided, however, that nothing contained in this Act shall affect operators of motor vehicles that are now or hereafter required to furnish evidence of insurance or financial responsibility to the North Carolina Utilities Commission or the Interstate Commerce Commission or both.

Sec. 10. This Act does not apply to any motor vehicle owned by the State of North Carolina or by a political subdivision of the State, nor to any motor vehicle owned by the Federal Government.

Sec. 10.1. There is hereby appropriated from the General Fund to the Department of Motor Vehicles the sum of one hundred thousand dollars (\$100,000.00) for each year of the biennium and the sum of twenty-five thousand dollars (\$25,000.00) from the General Fund to the Insurance Department for each year of the biennium to be used and expended by these Departments in the administration of this Act, and that no part of said appropriation shall be used to employ any additional uniformed highway patrolmen.

Sec. 10.2. Provided that an additional one hundred thousand dollars (\$100,000.00) may be added for administrative purposes from the General Fund for the purposes of carrying out the provisions of this Act. Provided further that such funds may only be used by approval of the Director of the Budget and the Council of State.

Sec. 11. The Commissioner of Insurance, in the manner prescribed by Article 25 of subchapter V of Chapter 58 of the General Statutes, is directed to establish rates which adequately and factually distinguish between classes of drivers having safe-driving records and those having a record of accidents, so that those drivers with a record of no accidents shall not be subject to unreasonable, unfair and discriminatory rates.

Sec. 11.1. It is provided, however, that if any clause, Section, or portion of this Act should be declared unconstitutional, such declaration of such unconstitutionality shall not affect the validity of any other portion.

Sec. 12. This Act shall be effective from and after January 1, 1958, and its provisions shall become null and void from and after May 15, 1961.

Sec. 13. This Act shall be effective from and after January 1, 1958.

In the General Assembly read three times and ratified, this the 12th day of June, 1957.