

GENERAL ASSEMBLY OF NORTH CAROLINA
1983 SESSION

CHAPTER 777
HOUSE BILL 60

AN ACT TO CLARIFY THE LAW CONCERNING UNDERINSURED MOTORIST COVERAGE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 20-279.21(b)(4) is rewritten to read:

"(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 policies that are written at limits that exceed those prescribed by subdivision (2) of this section and that afford uninsured motorist coverage as provided by subdivision (3) of this subsection, but not to exceed the policy limits for automobile bodily injury liability as specified in the owner's policy. An 'uninsured motor vehicle,' as described in subdivision (3) of this subsection, includes an 'underinsured highway vehicle,' which means a highway vehicle with respect to the ownership, maintenance, or use of which, the sum of the limits of liability under all bodily injury liability bonds and insurance policies applicable at the time of the accident is less than the applicable limits of liability under the owner's policy. For the purposes of this subdivision, the term 'highway vehicle' means a land motor vehicle or trailer other than (i) a farm-type tractor or other vehicle designed for use principally off public roads and while not upon public roads, (ii) a vehicle operated on rails or crawler-treads, or (iii) a vehicle while located for use as a residence or premises. The provisions of subdivision (3) of this subsection shall apply to the coverage required by this subdivision. The insurer shall not be obligated to make any payment because of bodily injury to which underinsured motorist insurance coverage applies and that arises out of the ownership, maintenance, or use of an underinsured highway vehicle until after the limits of liability under all bodily injury liability bonds or insurance policies applicable at the time of the accident have been exhausted by payment of judgments or settlements, and provided the limit of payment is only the difference between the limits of the liability insurance that is applicable and the limits of the underinsured motorist coverage as specified in the owner's policy. The coverage required under this subdivision shall not be applicable where any insured named in the policy rejects the coverage."

Sec. 2. G.S. 20-279.21(b)(3) is amended in line 34 by substituting the word "subdivision" for the word "section".

Sec. 3. This act shall apply only to motor vehicle liability insurance policies that are issued or renewed on and after the effective date of this act.

Sec. 4. This act shall become effective October 1, 1983.

In the General Assembly read three times and ratified, this the 18th day of July, 1983.