

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH70405-LT-121D (3/28)

Short Title: Motorist Liability Insurance Coverage. (Public)

Sponsors: Representative Faison.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE MANDATORY LIABILITY INSURANCE
3 REQUIREMENTS FOR CERTAIN MOTOR VEHICLES AND TO MAKE
4 CONFORMING CHANGES TO THE GENERAL STATUTES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 20-279.1(11) reads as rewritten:

7 "(11) "Proof of financial responsibility": Proof of ability to respond in
8 damages for liability, on account of accidents occurring subsequent to
9 the effective date of said proof, arising out of the ownership,
10 maintenance or use of a motor vehicle, in the amount of ~~thirty~~
11 ~~thousand dollars (\$30,000)~~ seventy-five thousand dollars (\$75,000)
12 because of bodily injury to or death of one person in any one accident,
13 and, subject to said limit for one person, in the amount of ~~sixty~~
14 ~~thousand dollars (\$60,000)~~ one hundred fifty thousand dollars
15 (\$150,000) because of bodily injury to or death of two or more persons
16 in any one accident, and in the amount of ~~twenty-five thousand dollars~~
17 ~~(\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or
18 destruction of property of others in any one accident. Nothing
19 contained herein shall prevent an insurer and an insured from entering
20 into a contract, not affecting third parties, providing for a deductible as
21 to property damage at a rate approved by the Commissioner of
22 Insurance."

23 **SECTION 2.** G.S. 20-279.5(c) reads as rewritten:

24 "(c) This section shall not apply under the conditions stated in G.S. 20-279.6 nor:
25 (1) To such operator or owner if such owner had in effect at the time of
26 such accident an automobile liability policy with respect to the motor
27 vehicle involved in such accident;

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

20 No such policy or bond shall be effective under this section unless issued by an
21 insurance company or surety company authorized to do business in this State, except
22 that if such motor vehicle was not registered in this State, or was a motor vehicle which
23 was registered elsewhere than in this State at the effective date of the policy or bond, or
24 the most recent renewal thereof, or if such operator not an owner was a nonresident of
25 this State, such policy or bond shall not be effective under this section unless the
26 insurance company or surety company if not authorized to do business in this State shall
27 execute a power of attorney authorizing the Commissioner to accept service on its
28 behalf of notice or process in any action upon such policy, or bond arising out of such
29 accident, and unless said insurance company or surety company, if not authorized to do
30 business in this State, is authorized to do business in the state or other jurisdiction where
31 the motor vehicle is registered or, if such policy or bond is filed on behalf of an operator
32 not an owner who was a nonresident of this State, unless said insurance company or
33 surety company, if not authorized to do business in this State, is authorized to do
34 business in the state or other jurisdiction of residence of such operator; provided,
35 however, every such policy or bond is subject, if the accident has resulted in bodily
36 injury or death, to a limit, exclusive of interest and cost, of not less than ~~thirty thousand~~
37 ~~dollars (\$30,000)~~ seventy-five thousand dollars (\$75,000) because of bodily injury to or
38 death of one person in any one accident and, subject to said limit for one person, to a
39 limit of not less than ~~sixty thousand dollars (\$60,000)~~ one hundred fifty thousand
40 dollars (\$150,000) because of bodily injury to or death of two or more persons in any
41 one accident, and, if the accident has resulted in injury to or destruction of property, to a
42 limit of not less than ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars
43 (\$50,000) because of injury to or destruction of property of others in any one accident."

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

1 **"§ 20-279.15. Payment sufficient to satisfy requirements.**

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

- 4 (1) When ~~thirty thousand dollars (\$30,000)~~ seventy-five thousand dollars
5 (\$75,000) has been credited upon any judgment or judgments rendered
6 in excess of that amount because of bodily injury to or death of one
7 person as the result of any one accident; or
8 (2) When, subject to such limit of ~~thirty thousand dollars (\$30,000)~~
9 seventy-five thousand dollars (\$75,000) because of bodily injury to or
10 death of one person, the sum of ~~sixty thousand dollars (\$60,000)~~ one
11 hundred fifty thousand dollars (\$150,000) has been credited upon any
12 judgment or judgments rendered in excess of that amount because of
13 bodily injury to or death of two or more persons as the result of any
14 one accident; or
15 (3) When ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars
16 (\$50,000) has been credited upon any judgment or judgments rendered
17 in excess of that amount because of injury to or destruction of property
18 of others as a result of any one accident;

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

22 **SECTION 4.** G.S. 20-279.21(b)(2) reads as rewritten:

- 23 "(2) Shall insure the person named therein and any other person, as insured,
24 using any such motor vehicle or motor vehicles with the express or
25 implied permission of such named insured, or any other persons in
26 lawful possession, against loss from the liability imposed by law for
27 damages arising out of the ownership, maintenance or use of such
28 motor vehicle or motor vehicles within the United States of America or
29 the Dominion of Canada subject to limits exclusive of interest and
30 costs, with respect to each such motor vehicle, as follows: ~~thirty~~
31 ~~thousand dollars (\$30,000)~~ seventy-five thousand dollars (\$75,000)
32 because of bodily injury to or death of one person in any one accident
33 and, subject to said limit for one person, ~~sixty thousand dollars~~
34 ~~(\$60,000)~~ one hundred fifty thousand dollars (\$150,000) because of
35 bodily injury to or death of two or more persons in any one accident,
36 and ~~twenty five thousand dollars (\$25,000)~~ fifty thousand dollars
37 (\$50,000) because of injury to or destruction of property of others in
38 any one accident; and".

39 **SECTION 5.** G.S. 20-279.25(a) reads as rewritten:

40 "(a) Proof of financial responsibility may be evidenced by the certificate of the
41 State Treasurer that the person named therein has deposited with ~~him eighty-five~~
42 ~~thousand dollars (\$85,000)~~ the State Treasurer one hundred fifty thousand dollars
43 (\$150,000) in cash, or securities such as may legally be purchased by savings banks or
44 for trust funds of a market value of ~~eighty five thousand dollars (\$85,000)~~ one hundred

1 fifty thousand dollars (\$150,000). The State Treasurer shall not accept any such deposit
2 and issue a certificate therefor and the Commissioner shall not accept such certificate
3 unless accompanied by evidence that there are no unsatisfied judgments of any
4 character against the depositor in the county where the depositor resides."

5 **SECTION 6.** G.S. 20-280 reads as rewritten:

6 "**§ 20-280. Filing proof of financial responsibility with governing board of**
7 **municipality or county.**

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

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

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

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

28 (b) As used in this section "proof of financial responsibility" shall mean a
29 certificate of any insurance carrier duly authorized to do business in the State of North
30 Carolina certifying that there is in effect a policy of liability insurance insuring the
31 owner and operator of the taxicab business, his agents and employees while in the
32 performance of their duties against loss from any liability imposed by law for damages
33 including damages for care and loss of services because of bodily injury to or death of
34 any person and injury to or destruction of property caused by accident and arising out of
35 the ownership, use or operation of such taxicab or taxicabs, subject to limits (exclusive
36 of interests and costs) with respect to each such motor vehicle as follows: ~~thirty~~
37 ~~thousand dollars (\$30,000)~~ seventy-five thousand dollars (\$75,000) because of bodily
38 injury to or death of one person in any one accident and, subject to said limit for one
39 person, ~~sixty thousand dollars (\$60,000)~~ one hundred fifty thousand dollars (\$150,000)
40 because of bodily injury to or death of two or more persons in any one accident, and
41 ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of
42 injury to or destruction of property of others in any one accident.

43 (c) Every person, firm or corporation who engages in the taxicab business and
44 who is a member of or participates in any trust fund or sinking fund, which said trust

1 fund or sinking fund is for the sole purpose of paying claims, damages or judgments
2 against persons, firms or corporations engaging in the taxicab business and which trust
3 fund or sinking fund is approved by the governing body of any city or municipality with
4 a population of over 50,000, shall be deemed a compliance with the financial
5 responsibility provisions of this section.

6 Provided, however, that in the case of operators of 15 or more taxicabs, the limits
7 (exclusive of interests and costs), with respect to each such motor vehicle shall be as
8 follows: ~~twenty thousand dollars (\$20,000)~~ seventy-five thousand dollars (\$75,000)
9 because of bodily injury to or death of one person in any one accident and, subject to
10 said limit for one person, ~~forty thousand dollars (\$40,000)~~ one hundred fifty thousand
11 dollars (\$150,000) because of bodily injury to or death of two or more persons in any
12 one accident, and ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars
13 (\$50,000) because of injury to or destruction of property of others in any one accident."

14 **SECTION 7.** G.S. 20-281 reads as rewritten:

15 "**§ 20-281. Liability insurance prerequisite to engaging in business; coverage of**
16 **policy.**

17 From and after July 1, 1953, it shall be unlawful for any person, firm or corporation
18 to engage in the business of renting or leasing motor vehicles to the public for operation
19 by the rentee or lessee unless such person, firm or corporation has secured insurance for
20 his own liability and that of his rentee or lessee, in such an amount as is hereinafter
21 provided, from an insurance company duly licensed to sell motor vehicle liability
22 insurance in this State. Each such motor vehicle leased or rented must be covered by a
23 policy of liability insurance insuring the owner and rentee or lessee and their agents and
24 employees while in the performance of their duties against loss from any liability
25 imposed by law for damages including damages for care and loss of services because of
26 bodily injury to or death of any person and injury to or destruction of property caused
27 by accident arising out of the operation of such motor vehicle, subject to the following
28 minimum limits: ~~thirty thousand dollars (\$30,000)~~ seventy-five thousand dollars
29 (\$75,000) because of bodily injury to or death of one person in any one accident, and
30 ~~sixty thousand dollars (\$60,000)~~ one hundred fifty thousand dollars (\$150,000) because
31 of bodily injury to or death of two or more persons in any one accident, and ~~twenty-five~~
32 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or
33 destruction of property of others in any one accident. Provided, however, that nothing in
34 this Article shall prevent such operators from qualifying as self-insurers under terms and
35 conditions to be prepared and prescribed by the Commissioner of Motor Vehicles or by
36 giving bond with personal or corporate surety, as now provided by G.S. 20-279.24, in
37 lieu of securing the insurance policy hereinbefore provided for."

38 **SECTION 8.** G.S. 58-37-35(b) reads as rewritten:

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

- 42 (1) For the following coverages of motor vehicle insurance and in at least
43 the following amounts of insurance:

- 1 a. Bodily injury liability: ~~thirty thousand dollars (\$30,000)~~
2 seventy-five thousand dollars (\$75,000) each person, ~~sixty~~
3 ~~thousand dollars (\$60,000)~~ one hundred fifty thousand dollars
4 (\$150,000) each accident;
- 5 b. Property damage liability: ~~twenty-five thousand dollars~~
6 ~~(\$25,000)~~ fifty thousand dollars (\$50,000) each accident;
- 7 c. Medical payments: one thousand dollars (\$1,000) each person;
8 except that this coverage shall not be available for motorcycles;
- 9 d. Uninsured motorist: ~~thirty thousand dollars (\$30,000)~~
10 seventy-five thousand dollars (\$75,000) each person; ~~sixty~~
11 ~~thousand dollars (\$60,000)~~ one hundred fifty thousand dollars
12 (\$150,000) each accident for bodily injury; ~~twenty-five~~
13 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000)
14 each accident property damage (one hundred dollars (\$100.00)
15 deductible);
- 16 e. Any other motor vehicle insurance or financial responsibility
17 limits in the amounts required by any federal law or federal
18 agency regulation; by any law of this State; or by any rule duly
19 adopted under Chapter 150B of the General Statutes or by the
20 North Carolina Utilities Commission.
- 21 (2) Additional ceding privileges for motor vehicle insurance shall be
22 provided by the Board of Governors up to the following:
- 23 a. Bodily injury liability: one hundred thousand dollars (\$100,000)
24 each person, three hundred thousand dollars (\$300,000) each
25 accident;
- 26 b. Property damage liability: ~~fifty thousand dollars (\$50,000)~~ one
27 hundred thousand dollars (\$100,000) each accident;
- 28 c. Medical payments: two thousand dollars (\$2,000) each person;
29 except that this coverage shall not be available for motorcycles;
- 30 d. Underinsured motorist: one million dollars (\$1,000,000) each
31 person and each accident for bodily injury liability; and
- 32 e. Uninsured motorist: one million dollars (\$1,000,000) each
33 person and each accident for bodily injury and ~~fifty thousand~~
34 ~~dollars (\$50,000)~~ one hundred thousand dollars (\$100,000) each
35 accident for property damage (one hundred dollars (\$100.00)
36 deductible).
- 37 (2a) For persons who must maintain liability coverage limits above those
38 available under subdivision (2) of this subsection in order to obtain or
39 continue coverage under personal excess liability or personal
40 "umbrella" insurance policies, additional ceding privileges for motor
41 vehicle insurance shall be provided by the Board of Governors up to
42 the following:

- 1 a. Bodily injury liability: two hundred fifty thousand dollars
2 (\$250,000) each person, five hundred thousand dollars
3 (\$500,000) each accident.
4 b. Property damage liability: one hundred thousand dollars
5 (\$100,000) each accident.
6 c. Medical payments: five thousand dollars (\$5,000) each person;
7 except that this coverage shall not be available for motorcycles.
8 d. Uninsured motorist: one hundred thousand dollars (\$100,000)
9 each accident for property damage (one hundred dollars
10 (\$100.00) deductible).

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

16 **SECTION 9.** G.S. 62-268 reads as rewritten:

17 **"§ 62-268. Security for protection of public; liability insurance.**

18 No certificate or broker's license shall be issued or remain in force until the applicant
19 shall have procured and filed with the Division of Motor Vehicles such security bond,
20 insurance or self-insurance for the protection of the public as the Commission shall by
21 regulation require. The Commission shall require that every motor carrier for which a
22 certificate or license is required by the provisions of this Chapter, shall maintain liability
23 insurance or satisfactory surety of at least ~~fifty thousand dollars (\$50,000)~~ one hundred
24 thousand dollars (\$100,000) because of bodily injury to or death of one person in any
25 one accident and, subject to said limit for one person, ~~one hundred thousand dollars~~
26 ~~(\$100,000)~~ two hundred thousand dollars (\$200,000) because of bodily injury to or
27 death of two or more persons in any one accident, and fifty thousand dollars (\$50,000)
28 because of injury to or destruction of property of others in any one accident; and the
29 Commission may require any greater amount of insurance as may be necessary for the
30 protection of the public. Notwithstanding any rule or regulation to the contrary, the
31 Commission shall not require that any insurance procured and filed be provided in any
32 single policy of insurance or through a single insurer, if the insurers involved are
33 otherwise qualified. A motor carrier may satisfy the requirements of the Commission by
34 procuring insurance with coverage and limits of liability required by the Commission in
35 one or more policies of insurance issued by one or more insurers.

36 Notwithstanding any other provisions of this section or Chapter, bus companies shall
37 file with the Commission proof of financial responsibility in the form of bonds, policies
38 of insurance, or shall qualify as a self insurer, with minimum levels of financial
39 responsibility as prescribed for motor carriers of passengers pursuant to the provisions
40 of 49 U.S.C. § 31138. Provided, further, that no bus company operating solely within
41 the State of North Carolina and which is exempt from regulation under the provisions of
42 G.S. 62-260(a)(7) shall be required to file with the Commission proof of the financial
43 responsibility in excess of one million five hundred thousand dollars (\$1,500,000)."

1 **SECTION 10.** This act becomes effective January 1, 2008, and applies to
2 policies issued or renewed on or after that date.