

GENERAL ASSEMBLY OF NORTH CAROLINA  
1985 SESSION

CHAPTER 214  
HOUSE BILL 234

AN ACT TO CLARIFY INTEREST RELATING TO JUDGMENTS AND PROVIDE  
FOR INTEREST ON NONCONTRACT JUDGMENTS REGARDLESS OF  
INSURANCE COVERAGE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 24-5 is rewritten to read:

"§ 24-5. **Contracts, except penal bonds, and judgments to bear interest.** – (a) Contracts. In an action for breach of contract, except an action on a penal bond, the amount awarded on the contract bears interest from the date of breach. The fact finder in an action for breach of contract shall distinguish the principal from the interest in the award, and the judgment shall provide that the principal amount bears interest until the judgment is satisfied. Interest on an award in a contract action shall be at the contract rate, if the parties have so provided in the contract; otherwise, it shall be at the legal rate.

(b) Other actions. In an action other than contract, the portion of money judgment designated by the fact finder as compensatory damages bears interest from the date the action is instituted until the judgment is satisfied. Interest on an award in an action other than contract shall be at the legal rate."

Sec. 2. This act shall become effective October 1, 1985. This act shall not affect pending litigation and shall not affect the law as it existed before the enactment of Chapter 327 of the 1981 Session Laws.

In the General Assembly read three times and ratified, this the 21st day of May, 1985.