

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 826*
Committee Substitute Favorable 5/9/91
Senate Insurance Committee Substitute Adopted 6/6/91

Short Title: Increase MV Liability Limits.

(Public)

Sponsors:

Referred to:

April 16, 1991

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE REQUIRED MINIMUM FINANCIAL
RESPONSIBILITY FOR PROPERTY DAMAGE AND TO INCREASE OTHER
AMOUNTS IN THE MOTOR VEHICLES LAWS THAT ARE DEPENDENT
UPON THE AMOUNT OF REQUIRED MINIMUM FINANCIAL
RESPONSIBILITY FOR PROPERTY DAMAGE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 20-279.1 reads as rewritten:

"§ 20-279.1. Definitions.

The following words and phrases, when used in this Article, shall, for the purposes of this Article, have the meanings respectively ascribed to them in this section, except in those instances where the context clearly indicates a different meaning:

- (1) Repealed by Session Laws 1973, c. 1330, s. 39.
- (2) 'Conviction': A conviction upon a plea of guilty, or of nolo contendere, or the determination of guilt by a jury or by a court though no sentence has been imposed or, if imposed, has been suspended, and it includes a forfeiture of bail or collateral deposited to secure appearance in court of the defendant, unless the forfeiture has been vacated.
- (3) 'Judgment': Any judgment which shall have become final by expiration without appeal of the time within which an appeal

1 might have been perfected, or by final affirmation on appeal,
2 rendered by a court of competent jurisdiction of any state or of the
3 United States, upon a cause of action arising out of the ownership,
4 maintenance or use of any motor vehicle, for damages, including
5 damages for care and loss of services, because of bodily injury to or
6 death of any person, or for damages because of injury to or
7 destruction of property, including the loss of use thereof, or upon a
8 cause of action on an agreement of settlement for such damages.

9 (4) to (6) Repealed by Session Laws 1973, c.
10 1330, s. 39.

11 (7) 'Nonresident's operating privilege': The privilege conferred
12 upon a nonresident by the laws of this State pertaining to the
13 operation by him of a motor vehicle in this State.

14 (8) to (10) Repealed by Session Laws 1973, c.
15 1330, s. 39.

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

30 (12) Repealed by Session Laws 1973, c. 1330, s. 39."

31 Sec. 2. G.S. 20-279.5(c) reads as rewritten:

32 "(c) This section shall not apply under the conditions stated in G.S. 20-279.6 nor:

- 33 (1) To such operator or owner if such owner had in effect at the time of
34 such accident an automobile liability policy with respect to the motor
35 vehicle involved in such accident;
- 36 (2) To such operator, if not the owner of such motor vehicle, if there was
37 in effect at the time of such accident a motor vehicle liability policy or
38 bond with respect to his operation of motor vehicles not owned by
39 him;
- 40 (3) To such operator or owner if the liability of such operator or owner for
41 damages resulting from such accident is, in the judgment of the
42 Commissioner, covered by any other form of liability insurance policy
43 or bond or sinking fund or group assumption of liability;

- 1 (4) To any person qualifying as a self-insurer, nor to any operator for a
 2 self-insurer if, in the opinion of the Commissioner from the
 3 information furnished him, the operator at the time of the accident was
 4 probably operating the vehicle in the course of the operator's
 5 employment as an employee or officer of the self-insurer; nor
 6 (5) To any employee of the United States government while operating a
 7 vehicle in its service and while acting within the scope of his
 8 employment, such operations being fully protected by the Federal Tort
 9 Claims Act of 1946, which affords ample security to all persons
 10 sustaining personal injuries or property damage through the negligence
 11 of such federal employee.

12 No such policy or bond shall be effective under this section unless issued by an
 13 insurance company or surety company authorized to do business in this State, except
 14 that if such motor vehicle was not registered in this State, or was a motor vehicle which
 15 was registered elsewhere than in this State at the effective date of the policy or bond, or
 16 the most recent renewal thereof, or if such operator not an owner was a nonresident of
 17 this State, such policy or bond shall not be effective under this section unless the
 18 insurance company or surety company if not authorized to do business in this State shall
 19 execute a power of attorney authorizing the Commissioner to accept service on its
 20 behalf of notice or process in any action upon such policy, or bond arising out of such
 21 accident, and unless said insurance company or surety company, if not authorized to do
 22 business in this State, is authorized to do business in the state or other jurisdiction where
 23 the motor vehicle is registered or, if such policy or bond is filed on behalf of an operator
 24 not an owner who was a nonresident of this State, unless said insurance company or
 25 surety company, if not authorized to do business in this State, is authorized to do
 26 business in the state or other jurisdiction of residence of such operator; provided,
 27 however, every such policy or bond is subject, if the accident has resulted in bodily
 28 injury or death, to a limit, exclusive of interest and cost, of not less than twenty-five
 29 thousand dollars (\$25,000) because of bodily injury to or death of one person in any one
 30 accident and, subject to said limit for one person, to a limit of not less than fifty
 31 thousand dollars (\$50,000) because of bodily injury to or death of two or more persons
 32 in any one accident, and, if the accident has resulted in injury to or destruction of
 33 property, to a limit of not less than ~~ten thousand dollars (\$10,000)~~ fifteen thousand dollars
 34 (\$15,000) because of injury to or destruction of property of others in any one accident."

35 Sec. 3. G.S. 20-279.15 reads as rewritten:

36 "**§ 20-279.15. Payment sufficient to satisfy requirements.**

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

- 39 (1) When twenty-five thousand dollars (\$25,000) has been credited upon
 40 any judgment or judgments rendered in excess of that amount because
 41 of bodily injury to or death of one person as the result of any one
 42 accident; or
 43 (2) When, subject to such limit of twenty-five thousand dollars (\$25,000)
 44 because of bodily injury to or death of one person, the sum of fifty

- 1 thousand dollars (\$50,000) has been credited upon any judgment or
2 judgments rendered in excess of that amount because of bodily injury
3 to or death of two or more persons as the result of any one accident; or
4 (3) When ~~ten thousand dollars (\$10,000)~~ fifteen thousand dollars (\$15,000)
5 has been credited upon any judgment or judgments rendered in excess
6 of that amount because of injury to or destruction of property of others
7 as a result of any one accident;

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

11 Sec. 4. G.S. 20-279.21(b)(2) reads as rewritten:

- 12 "(2) Shall insure the person named therein and any other person, as insured,
13 using any such motor vehicle or motor vehicles with the express or
14 implied permission of such named insured, or any other persons in
15 lawful possession, against loss from the liability imposed by law for
16 damages arising out of the ownership, maintenance or use of such
17 motor vehicle or motor vehicles within the United States of America or
18 the Dominion of Canada subject to limits exclusive of interest and
19 costs, with respect to each such motor vehicle, as follows: twenty-five
20 thousand dollars (\$25,000) because of bodily injury to or death of one
21 person in any one accident and, subject to said limit for one person,
22 fifty thousand dollars (\$50,000) because of bodily injury to or death of
23 two or more persons in any one accident, and ~~ten thousand dollars~~
24 (\$10,000) fifteen thousand dollars (\$15,000) because of injury to or
25 destruction of property of others in any one accident; and".

26 Sec. 5. G.S. 20-280 reads as rewritten:

27 "**§ 20-280. Filing proof of financial responsibility with governing board of**
28 **municipality or county.**

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

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

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

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

6 (b) As used in this section 'proof of financial responsibility' shall mean a
7 certificate of any insurance carrier duly authorized to do business in the State of North
8 Carolina certifying that there is in effect a policy of liability insurance insuring the
9 owner and operator of the taxicab business, his agents and employees while in the
10 performance of their duties against loss from any liability imposed by law for damages
11 including damages for care and loss of services because of bodily injury to or death of
12 any person and injury to or destruction of property caused by accident and arising out of
13 the ownership, use or operation of such taxicab or taxicabs, subject to limits (exclusive
14 of interests and costs) with respect to each such motor vehicle as follows: twenty-five
15 thousand dollars (\$25,000) because of bodily injury to or death of one person in any one
16 accident and, subject to said limit for one person, fifty thousand dollars (\$50,000)
17 because of bodily injury to or death of two or more persons in any one accident, and ~~ten~~
18 ~~thousand dollars (\$10,000)~~ fifteen thousand dollars (\$15,000) because of injury to or
19 destruction of property of others in any one accident.

20 (c) Every person, firm or corporation who engages in the taxicab business and
21 who is a member of or participates in any trust fund or sinking fund, which said trust
22 fund or sinking fund is for the sole purpose of paying claims, damages or judgments
23 against persons, firms or corporations engaging in the taxicab business and which trust
24 fund or sinking fund is approved by the governing body of any city or municipality with
25 a population of over 50,000, shall be deemed a compliance with the financial
26 responsibility provisions of this section.

27 Provided, however, that in the case of operators of 15 or more taxicabs, the limits
28 (exclusive of interests and costs), with respect to each such motor vehicle shall be as
29 follows: twenty thousand dollars (\$20,000) because of bodily injury to or death of one
30 person in any one accident and, subject to said limit for one person, forty thousand
31 dollars (\$40,000) because of bodily injury to or death of two or more persons in any one
32 accident, and ~~ten thousand dollars (\$10,000)~~ fifteen thousand dollars (\$15,000) because of
33 injury to or destruction of property of others in any one accident."

34 Sec. 6. G.S. 20-281 reads as rewritten:

35 "**§ 20-281. Liability insurance prerequisite to engaging in business; coverage of**
36 **policy.**

37 From and after July 1, 1953, it shall be unlawful for any person, firm or corporation
38 to engage in the business of renting or leasing motor vehicles to the public for operation
39 by the rentee or lessee unless such person, firm or corporation has secured insurance for
40 his own liability and that of his rentee or lessee, in such an amount as is hereinafter
41 provided, from an insurance company duly licensed to sell motor vehicle liability
42 insurance in this State. Each such motor vehicle leased or rented must be covered by a
43 policy of liability insurance insuring the owner and rentee or lessee and their agents and
44 employees while in the performance of their duties against loss from any liability

1 imposed by law for damages including damages for care and loss of services because of
2 bodily injury to or death of any person and injury to or destruction of property caused
3 by accident arising out of the operation of such motor vehicle, subject to the following
4 minimum limits: twenty-five thousand dollars (\$25,000) because of bodily injury to or
5 death of one person in any one accident, and fifty thousand dollars (\$50,000) because of
6 bodily injury to or death of two or more persons in any one accident, and ~~ten thousand~~
7 ~~dollars (\$10,000)~~ fifteen thousand dollars (\$15,000) because of injury to or destruction of
8 property of others in any one accident. Provided, however, that nothing in this Article
9 shall prevent such operators from qualifying as self-insurers under terms and conditions
10 to be prepared and prescribed by the Commissioner of Motor Vehicles or by giving
11 bond with personal or corporate surety, as now provided by G.S. 20-279.24, in lieu of
12 securing the insurance policy hereinbefore provided for."

13 Sec. 7. G.S. 58-37-35(b) reads as rewritten:

14 "(b) The Facility shall reinsure for each coverage available therein to the standard
15 percentage of one hundred percent (100%) or lesser equitable percentage established in
16 the plan of operation as follows:

17 (1) For the following coverages of motor vehicle insurance and in at least
18 the following amounts of insurance:

- 19 a. Bodily injury liability: twenty-five thousand dollars (\$25,000)
20 each person, fifty thousand dollars (\$50,000) each accident;
- 21 b. Property damage liability: ~~ten thousand dollars (\$10,000)~~ fifteen
22 thousand dollars (\$15,000) each person;
- 23 c. Medical payments: one thousand dollars (\$1,000) each person;
24 except that this coverage shall not be available for motorcycles;
- 25 d. Uninsured motorist: twenty-five thousand dollars (\$25,000)
26 each person; fifty thousand dollars (\$50,000) each accident for
27 bodily injury; ~~ten thousand dollars (\$10,000)~~ fifteen thousand
28 dollars (\$15,000) each accident property damage (one hundred
29 dollars (\$100.00) deductible);
- 30 e. Any other motor vehicle insurance or financial responsibility
31 limits in the amounts required by any federal law or federal
32 agency regulation; by any law of this State; or by any rule duly
33 adopted under Chapter 150B of the General Statutes or by the
34 North Carolina Utilities Commission.

35 (2) Additional ceding privileges for motor vehicle insurance shall be
36 provided by the Board of Governors if there is a substantial public
37 demand for a coverage or coverage limit of any component of motor
38 vehicle insurance up to the following:

- 39 Bodily injury liability: one hundred thousand dollars (\$100,000) each
40 person, three hundred thousand dollars (\$300,000) each accident;
41 Property damage liability: fifty thousand dollars (\$50,000) each
42 accident;
43 Medical payments: two thousand dollars (\$2,000) each person;

1 Underinsured motorist: one hundred thousand dollars (\$100,000) each
2 person and three hundred thousand dollars (\$300,000) each accident
3 for bodily injury liability;

4 Uninsured motorist: one hundred thousand dollars (\$100,000) each
5 person and each accident for bodily injury and ~~ten thousand dollars~~
6 ~~(\$10,000)~~ fifteen thousand dollars (\$15,000) for property damage (one
7 hundred dollars (\$100.00) deductible).

8 (3) Whenever the additional ceding privileges are provided as in G.S. 58-
9 37-35(b)(2) for any component of motor vehicle insurance, the same
10 additional ceding privileges shall be available to 'all other' types of
11 risks subject to the rating jurisdiction of the North Carolina Rate
12 Bureau."

13 Sec. 8. G.S. 20-279.25(a) reads as rewritten:

14 "(a) Proof of financial responsibility may be evidenced by the certificate of the
15 State Treasurer that the person named therein has deposited with him ~~sixty thousand~~
16 ~~dollars (\$60,000)~~ sixty-five thousand dollars (\$65,000) in cash, or securities such as may
17 legally be purchased by savings banks or for trust funds of a market value of ~~sixty~~
18 ~~thousand dollars (\$60,000)~~ sixty-five thousand dollars (\$65,000). The State Treasurer
19 shall not accept any such deposit and issue a certificate therefor and the Commissioner
20 shall not accept such certificate unless accompanied by evidence that there are no
21 unsatisfied judgments of any character against the depositor in the county where the
22 depositor resides."

23 Sec. 9. Sections 1, 4, 5, 6, 7 and 8 of the act become effective January 1,
24 1992, for all new and renewal policies written to be effective on or after that date.
25 Sections 2 and 3 of the act become effective January 1, 1992.