

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 1120

Short Title: Financial Resp. of Inexperienced Drivers.

(Public)

Sponsors: Representative Nye.

Referred to: Insurance.

April 12, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO REQUIRE INEXPERIENCED DRIVERS TO MAINTAIN FINANCIAL
3 RESPONSIBILITY CONTINUOUSLY AND INSURANCE COMPANIES TO
4 TRANSMIT INFORMATION REGARDING FINANCIAL RESPONSIBILITY OF
5 DRIVERS TO THE DIVISION OF MOTOR VEHICLES IN AN ELECTRONIC
6 FORM.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 20-7(c1) reads as rewritten:

9 "(c1) Insurance. – The Division ~~may~~ shall not issue a drivers license to a person
10 until the person has furnished proof of financial responsibility. Proof of financial
11 responsibility shall be in one of the following forms:

12 (1) A written certificate or electronically-transmitted facsimile thereof
13 from any insurance carrier duly authorized to do business in this State
14 certifying that there is in effect a nonfleet private passenger motor
15 vehicle liability policy for the benefit of the person required to furnish
16 proof of financial responsibility. The certificate or facsimile shall state
17 the effective date and expiration date of the nonfleet private passenger
18 motor vehicle liability policy and shall state the date that the certificate
19 or facsimile is issued. The certificate or facsimile shall remain
20 effective proof of financial responsibility for a period of 30
21 consecutive days following the date the certificate or facsimile is
22 issued but shall not in and of itself constitute a binder or policy of
23 insurance.

24 (2) A binder for or policy of nonfleet private passenger motor vehicle
25 liability insurance under which the applicant is insured, provided that
26 the binder or policy states the effective date and expiration date of the
27 nonfleet private passenger motor vehicle liability policy.

1 The preceding provisions of this subsection do not apply to applicants who do not
2 own currently registered motor vehicles and who do not operate nonfleet private
3 passenger motor vehicles that are owned by other persons and that are not insured under
4 commercial motor vehicle liability insurance policies. In such cases, the applicant shall
5 sign a written certificate to that effect. Such certificate shall be furnished by the
6 Division and may be incorporated into the license application form. Any material
7 misrepresentation made by such person on such certificate shall be grounds for
8 suspension of that person's license for a period of 90 days.

9 For the purpose of this subsection, the term 'nonfleet private passenger motor
10 vehicle' has the definition ascribed to it in Article 40 of General Statute Chapter 58.

11 The Commissioner may require that certificates required by this subsection be on a
12 form approved by the Commissioner.

13 The requirement of furnishing proof of financial responsibility does not apply to a
14 person who applies for a renewal of his or her drivers license.

15 Nothing in this subsection precludes any person from showing proof of financial
16 responsibility in any other manner authorized by Articles 9A and 13 of this Chapter.

17 This subsection does not apply to inexperienced drivers, as that term is defined in
18 subsection (c2) of this section."

19 **SECTION 2.** G.S. 20-7 is amended by adding a new subsection to read:

20 "(c2) Insurance. – The Division shall not issue a drivers license to an inexperienced
21 driver until the Division confirms that there is in effect a nonfleet private passenger
22 motor vehicle liability policy covering that person from an insurance carrier duly
23 authorized to do business in this State. Every person applying for a drivers license for
24 the first time shall state the motor vehicle liability policy number on the application.
25 Every person licensed to operate a motor vehicle in this State shall maintain financial
26 responsibility continuously for the period of time that person is an inexperienced driver.
27 As used in this section, "inexperienced driver" is a person who has been issued a drivers
28 license in this State and the license has been in effect for a period of three years or less."

29 **SECTION 3.** Article 2 of Chapter 20 of the General Statutes is amended by
30 adding a new section to read:

31 **§ 20-7.3. Insurance carriers transmit policy information electronically.**

32 On a monthly basis, every insurance carrier authorized to do business in this State
33 shall transmit to the Division of Motor Vehicles, in electronic form, information about
34 every nonfleet private passenger motor vehicle liability policy in effect, including the
35 vehicle identification number associated with the policy, the effective date and
36 expiration date of each policy, and the names and drivers license numbers of all persons
37 authorized to drive the motor vehicle covered under each policy."

38 **SECTION 4.** G.S. 20-309(e) reads as rewritten:

39 "(e) Upon termination by cancellation or otherwise of an insurance policy
40 provided in subsection (b) of this section, the insurer shall notify the Division of the
41 termination within 20 business days; provided, no cancellation notice is required if the
42 same insurer issues a replacement insurance policy complying with this Article at the

1 same time the insurer cancels or otherwise terminates the old policy, no lapse in
2 coverage results, and the insurer sends the certificate of insurance form for the new
3 policy to the Division. The insurer shall notify the Division of any new policy for
4 insurance within 20 working days of its issuance unless the new coverage is a
5 replacement insurance policy for a policy terminated by the same insurer. ~~Any~~
6 ~~insurance company with twenty five million dollars (\$25,000,000) or more in annual~~
7 ~~vehicle insurance premium volume must~~ Insurers shall submit the notices required
8 under this section by electronic means. ~~All other insurance companies may submit the~~
9 ~~notices required under this section by either paper or electronic means.~~ The names of
10 insureds and the beginning date and termination date of insurance coverage provided to
11 the Division by the insurer pursuant to this paragraph shall constitute a designated trade
12 secret under G.S. 132-1.2.

13 The Division, upon receiving notice of a lapse in insurance coverage, shall notify the
14 owner of the lapse in coverage, and the owner shall, to retain the registration plate for
15 the vehicle registered or required to be registered, within 10 days from date of notice
16 given by the Division either:

- 17 (1) Certify to the Division that he had financial responsibility effective on
18 or prior to the date of such termination; or
- 19 (2) In the case of a lapse in financial responsibility, pay a fifty dollar
20 (\$50.00) civil penalty; and certify to the Division that he now has
21 financial responsibility effective on the date of certification, that he did
22 not operate the vehicle in question during the period of no financial
23 responsibility with the knowledge that there was no financial
24 responsibility, and that the vehicle in question was not involved in a
25 motor vehicle crash during the period of no financial responsibility.

26 Failure of the owner to certify that he has financial responsibility as herein required
27 shall be prima facie evidence that no financial responsibility exists with regard to the
28 vehicle concerned and unless the owner's registration plate has on or prior to the date of
29 termination of insurance been surrendered to the Division by surrender to an agent or
30 representative of the Division designated by the Commissioner, or depositing the same
31 in the United States mail, addressed to the Division of Motor Vehicles, Raleigh, North
32 Carolina, the Division shall revoke the vehicle's registration for 30 days.

33 In no case shall any vehicle, the registration of which has been revoked for failure to
34 have financial responsibility, be reregistered in the name of the registered owner,
35 spouse, or any child of the spouse, or any child of such owner within less than 30 days
36 after the date of receipt of the registration plate by the Division of Motor Vehicles,
37 except that a spouse living separate and apart from the registered owner may register
38 such vehicle immediately in such spouse's name. Additionally, as a condition precedent
39 to the reregistration of the vehicle by the registered owner, spouse, or any child of the
40 spouse, or any child of such owner, except a spouse living separate and apart from the
41 registered owner, the payment of a restoration fee of fifty dollars (\$50.00) and the
42 appropriate fee for a new registration plate is required. Any person, firm or corporation

1 failing to give notice of termination shall be subject to a civil penalty of two hundred
2 dollars (\$200.00) to be assessed by the Commissioner of Insurance upon a finding by
3 the Commissioner of Insurance that good cause is not shown for such failure to give
4 notice of termination to the Division."

5 **SECTION 5.** This act becomes effective October 1, 2001, except that this
6 act shall not become effective until funds are appropriated to implement the provisions
7 of this act.