

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**HOUSE BILL 137**

Short Title: Financial Responsibility.

(Public)

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Sponsors: Representatives Baddour; and Alexander.

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Referred to: Judiciary II.

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February 15, 2001

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE CRIMINAL FINE AND CIVIL PENALTY FOR  
FAILURE TO HAVE AUTOMOTIVE FINANCIAL RESPONSIBILITY AND TO  
MAKE TECHNICAL AND CONFORMING CHANGES.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 20-313(a) reads as rewritten:

"(a) On or after July 1, 1963, any owner of a motor vehicle registered or required to be registered in this State who shall operate or permit such motor vehicle to be operated in this State without having in full force and effect the financial responsibility required by this Article shall be guilty of a Class 1 misdemeanor. A person found guilty of violating this subsection shall be required to pay a penalty of not less than two hundred fifty dollars (\$250.00)."

**SECTION 2.** G.S. 20-309(e) reads as rewritten:

**"§ 20-309. Financial responsibility prerequisite to registration; must be maintained throughout registration period.**

(e) Upon termination by cancellation or otherwise of an insurance policy provided in subsection (b) of this section, the insurer shall notify the Division of the termination within 20 business days; provided, no cancellation notice is required if the same insurer issues a replacement insurance policy complying with this Article at the same time the insurer cancels or otherwise terminates the old policy, no lapse in coverage results, and the insurer sends the certificate of insurance form for the new policy to the Division. The insurer shall notify the Division of any new policy for insurance within 20 working days of its issuance unless the new coverage is a replacement insurance policy for a policy terminated by the same insurer. Any insurance company with twenty-five million dollars (\$25,000,000) or more in annual vehicle insurance premium volume must submit the notices required under this section by electronic means. All other insurance companies may submit the notices required under this section by either paper or electronic means. The names of insureds and the

1 beginning date and termination date of insurance coverage provided to the Division by  
2 the insurer pursuant to this paragraph shall constitute a designated trade secret under  
3 G.S. 132-1.2.

4 (e1) The Division, upon receiving notice of a lapse in insurance coverage, shall  
5 notify the owner of the lapse in coverage, and the owner shall, to retain the registration  
6 plate for the vehicle registered or required to be registered, within 10 days from date of  
7 notice given by the Division ~~either; perform either of the following:~~

8 (1) Certify to the Division that ~~he~~ the owner had financial responsibility  
9 effective on or prior to the date of such ~~termination; or termination.~~

10 (2) In the case of a lapse in financial responsibility, pay a ~~fifty dollar~~  
11 ~~(\$50.00)~~ two hundred fifty dollar (\$250.00) civil penalty; and certify to  
12 the Division that ~~he~~ the owner now has financial responsibility  
13 effective on the date of certification, that he did not operate the vehicle  
14 in question during the period of no financial responsibility with the  
15 knowledge that there was no financial responsibility, and that the  
16 vehicle in question was not involved in a motor vehicle ~~crash~~ accident  
17 during the period of no financial responsibility.

18 (e2) Failure of the owner to certify ~~that he has~~ the owner's financial responsibility  
19 as herein required shall be prima facie evidence that no financial responsibility exists  
20 with regard to the vehicle concerned and unless the owner's registration plate has on or  
21 prior to the date of termination of insurance been surrendered to the Division by  
22 surrender to an agent or representative of the Division designated by the Commissioner,  
23 or depositing the same in the United States mail, addressed to the Division of Motor  
24 Vehicles, Raleigh, North Carolina, the Division shall revoke the vehicle's registration  
25 for 30 days.

26 (e3) In no case shall any vehicle, the registration of which has been revoked for  
27 failure to have financial responsibility, be reregistered in the name of the registered  
28 owner, spouse, or any child of the spouse, or any child of such owner within less than  
29 30 days after the date of receipt of the registration plate by the Division of Motor  
30 Vehicles, except that a spouse living separate and apart from the registered owner may  
31 register such vehicle immediately in such spouse's name. Additionally, ~~as a condition~~  
32 ~~precedent to before~~ the re-registration of the vehicle by the registered owner, spouse, or  
33 any child of the spouse, or any child of such owner, except a spouse living separate and  
34 apart from the registered owner, the payment of a restoration fee of ~~fifty dollars~~  
35 ~~(\$50.00)~~ two hundred fifty dollars (\$250.00) and the appropriate fee for a new  
36 registration plate is required. Any person, firm or corporation failing to give notice of  
37 termination shall be subject to a civil penalty of two hundred dollars (\$200.00) to be  
38 assessed by the Commissioner of Insurance upon a finding by the Commissioner of  
39 Insurance that good cause is not shown for such failure to give notice of termination to  
40 the Division."

41 **SECTION 3.** G.S. 20-316 reads as rewritten:

42 **"§ 20-316. Divisional hearings upon lapse of liability insurance coverage.**

43 Any person whose registration plate has been revoked under ~~G.S. 20-309(e)~~ G.S.  
44 20-309(e2) or G.S. 20-311 may request a hearing. Upon receipt of such request, the

1 Division shall, as early as practical, afford him an opportunity for hearing. Upon such  
2 hearing the duly authorized agents of the Division may administer oaths and issue  
3 subpoenas for the attendance of witnesses and the production of relevant books and  
4 documents. If it appears that continuous financial responsibility existed for the vehicle  
5 involved, or if it appears the lapse of financial responsibility is not reasonably  
6 attributable to the neglect or fault of the person whose registration plate was revoked,  
7 the Division shall withdraw its order of revocation and such person may retain the  
8 registration plate. Otherwise, the order of revocation shall be affirmed and the  
9 registration plate surrendered."

10 **SECTION 4.** This act is effective when it becomes law.