

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 357*

Senate Insurance and Consumer Protection Committee Substitute Adopted 6/6/01

Short Title: Umbrella Insurance Improvements-AB.

(Public)

Sponsors:

Referred to:

March 1, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO INCREASE THE AMOUNTS OF LIABILITY INSURANCE THAT
3 MAY BE CEDED TO THE NORTH CAROLINA MOTOR VEHICLE
4 REINSURANCE FACILITY TO FACILITATE THE PURCHASE OF EXCESS
5 OR UMBRELLA COVERAGE BY MOTOR VEHICLE OWNERS AND TO
6 CLARIFY OTHER LAWS RELATING TO UMBRELLA INSURANCE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 58-37-35(b) reads as rewritten:

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

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

- 14 a. Bodily injury liability: thirty thousand dollars (\$30,000) each
15 person, sixty thousand dollars (\$60,000) each accident;
16 b. Property damage liability: twenty-five thousand dollars
17 (\$25,000) each person;
18 c. Medical payments: one thousand dollars (\$1,000) each person;
19 except that this coverage shall not be available for motorcycles;
20 d. Uninsured motorist: thirty thousand dollars (\$30,000) each
21 person; sixty thousand dollars (\$60,000) each accident for
22 bodily injury; twenty-five thousand dollars (\$25,000) each
23 accident property damage (one hundred dollars (\$100.00)
24 deductible);
25 e. Any other motor vehicle insurance or financial responsibility
26 limits in the amounts required by any federal law or federal
27 agency regulation; by any law of this State; or by any rule duly
28 adopted under Chapter 150B of the General Statutes or by the
29 North Carolina Utilities Commission.

- 1 (2) Additional ceding privileges for motor vehicle insurance shall be
2 provided by the Board of Governors ~~if there is a substantial public~~
3 ~~demand for a coverage or coverage limit of any component of motor~~
4 ~~vehicle insurance~~ up to the following:
5 a. Bodily injury liability: one hundred thousand dollars (\$100,000)
6 each person, three hundred thousand dollars (\$300,000) each
7 accident;
8 b. Property damage liability: fifty thousand dollars (\$50,000) each
9 accident;
10 c. Medical payments: two thousand dollars (\$2,000) each person;
11 d. Underinsured motorist: one million dollars (\$1,000,000) each
12 person and each accident for bodily injury liability; and
13 e. Uninsured motorist: one million dollars (\$1,000,000) each
14 person and each accident for bodily injury and fifty thousand
15 dollars (\$50,000) for property damage (one hundred dollars
16 (\$100.00) deductible).

17 (2a) For persons who must maintain liability coverage limits above those
18 available under subdivision (2) of this subsection in order to obtain or
19 continue coverage under personal excess liability or personal
20 "umbrella" insurance policies, additional ceding privileges for motor
21 vehicle insurance shall be provided by the Board of Governors up to
22 the following:

- 23 a. Bodily injury liability: two hundred fifty thousand dollars
24 (\$250,000) each person, five hundred thousand dollars
25 (\$500,000) each accident.
26 b. Property damage liability: one hundred thousand dollars
27 (\$100,000) each accident.
28 c. Medical payments: five thousand dollars (\$5,000) each person.
29 (3) Whenever the additional ceding privileges are provided as in G.S.
30 58-37-35(b)(2) for any component of motor vehicle insurance, the
31 same additional ceding privileges shall be available to "all other" types
32 of risks subject to the rating jurisdiction of the North Carolina Rate
33 Bureau."

34 **SECTION 2.** G.S. 58-36-1(3) reads as rewritten:

- 35 "(3) The Bureau shall promulgate and propose rates for insurance against
36 loss to residential real property with not more than four housing units
37 located in this State and any contents thereof or valuable interest
38 therein and other insurance coverages written in connection with the
39 sale of such property insurance; for insurance against theft of or
40 physical damage to nonfleet private passenger motor vehicles; for
41 liability insurance for such motor vehicles, automobile medical
42 payments insurance, uninsured and underinsured motorists coverage
43 and other insurance coverages written in connection with the sale of

1 such liability insurance; and, as provided in G.S. 58-36-100, for loss
2 costs and residual market rate filings for workers' compensation and
3 employers' liability insurance written in connection therewith. This
4 subdivision does not apply to motor vehicles operated under
5 certificates of authority from the Utilities Commission, the Interstate
6 Commerce Commission, or their successor agencies, where insurance
7 or other proof of financial responsibility is required by law or by
8 regulations specifically applicable to such certificated vehicles. The
9 Bureau shall have no jurisdiction over excess workers' compensation
10 insurance for employers qualifying as self-insurers as provided in
11 Article 47 of this Chapter or Article 5 of Chapter 97 of the General
12 Statutes; nor shall the Bureau's jurisdiction include farm buildings,
13 farm dwellings and their appurtenant structures, farm personal
14 property or other coverages written in connection with farm real or
15 personal property; travel or camper trailers designed to be pulled by
16 private passenger motor vehicles, unless insured under policies
17 covering nonfleet private passenger motor vehicles; personal excess
18 liability or personal "umbrella" insurance; mechanical breakdown
19 insurance covering nonfleet private passenger motor vehicles and other
20 incidental coverages written in connection with this insurance,
21 including emergency road service assistance, trip interruption
22 reimbursement, rental car reimbursement, and tire coverage;
23 residential real and personal property insured in multiple line insurance
24 policies covering business activities as the primary insurable interest;
25 and marine, general liability, burglary and theft, glass, and animal
26 collision insurance, except when such coverages are written as an
27 integral part of a multiple line insurance policy for which there is an
28 indivisible premium."

29 **SECTION 3.** G.S. 58-7-15(13) reads as rewritten:

30 "(13) "Personal injury liability insurance," meaning insurance against legal
31 liability of the insured, and against loss, damage, or expense incident
32 to a claim of such liability; including personal excess liability or
33 personal "umbrella" insurance; and including an obligation of the
34 insurer to pay medical, hospital, surgical, or funeral benefits; and in
35 the case of ~~automobile~~ motor vehicle liability insurance including also
36 disability and death benefits to injured persons, irrespective of legal
37 liability of the insured, arising out of the death or injury of any person,
38 or arising out of injury to the economic interests of any person as a
39 result of negligence in rendering expert, fiduciary, or professional
40 service; but not including any kind of insurance specified in
41 subdivision ~~(15)~~ (15) of this section."

42 **SECTION 4.** This act becomes effective October 1, 2001.