

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

S

4

SENATE BILL 729
House Committee Substitute Favorable 7/10/01
House Committee Substitute #2 Favorable 7/31/01
Fourth Edition Engrossed 8/9/01

Short Title: Motorcycle Insurance Rates.

(Public)

Sponsors:

Referred to:

March 29, 2001

1 A BILL TO BE ENTITLED

2 AN ACT TO PROVIDE THAT RATES AND CLASSIFICATIONS FOR
3 MOTORCYCLE THEFT AND PHYSICAL DAMAGE INSURANCE ARE TO BE
4 ESTABLISHED BY THE CARRIERS THAT WRITE THOSE COVERAGES
5 AND NOT BY THE NORTH CAROLINA RATE BUREAU; TO PROVIDE THAT
6 THE RATE BUREAU RETAINS JURISDICTION OVER RATES AND
7 CLASSIFICATIONS FOR MOTORCYCLE LIABILITY INSURANCE; AND TO
8 PROVIDE THAT MOTORCYCLE LIABILITY INSURANCE IS STILL
9 CEDABLE TO THE NORTH CAROLINA MOTOR VEHICLE REINSURANCE
10 FACILITY.

11 The General Assembly of North Carolina enacts:

12 **SECTION 1.** G.S. 58-36-1(1) reads as rewritten:

13 "(1) To assume the functions formerly performed by the North Carolina
14 Fire Insurance Rating Bureau, the North Carolina Automobile Rate
15 Administrative Office, and the Compensation Rating and Inspection
16 Bureau of North Carolina, with regard to the promulgation of rates, for
17 insurance against loss to residential real property with not more than
18 four housing units located in this State and any contents thereof and
19 valuable interest therein and other insurance coverages written in
20 connection with the sale of such property insurance; except as
21 provided in G.S. 58-36-3(a)(6), for theft of and physical damage to
22 nonfleet private passenger (nonfleet) motor vehicles as the same are
23 defined under Article 40 of this Chapter; motor vehicles; for liability
24 insurance for such motor vehicles, automobile medical payments
25 insurance, uninsured motorists coverage and other insurance coverages
26 written in connection with the sale of such liability insurance; and for
27 workers' compensation and employers' liability insurance written in

1 connection therewith except for insurance excluded from the Bureau's
2 jurisdiction in G.S. 58-36-1(3)."

3 **SECTION 2.** G.S. 58-36-1(3), as amended by S.L. 2001-236, reads as
4 rewritten:

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

1 **SECTION 3.** Article 36 of Chapter 58 of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 58-36-3. Limitation of scope; motorcycle endorsements allowed.**

4 (a) The Bureau has no jurisdiction over:

5 (1) Excess workers' compensation insurance for employers qualifying as
6 self-insurers as provided in Article 47 of this Chapter or Article 5 of
7 Chapter 97 of the General Statutes.

8 (2) Farm buildings, farm dwellings, and their appurtenant structures; farm
9 personal property or other coverages written in connection with farm
10 real or personal property.

11 (3) Travel or camper trailers designed to be pulled by private passenger
12 motor vehicles, unless insured under policies covering nonfleet private
13 passenger motor vehicles.

14 (4) Mechanical breakdown insurance covering nonfleet private passenger
15 motor vehicles and other incidental coverages written in connection
16 with this insurance, including emergency road service assistance, trip
17 interruption reimbursement, rental car reimbursement, and tire
18 coverage.

19 (5) Residential real and personal property insured in multiple line
20 insurance policies covering business activities as the primary insurable
21 interest; and marine, general liability, burglary and theft, glass, and
22 animal collision insurance, except when such coverages are written as
23 an integral part of a multiple line insurance policy for which there is an
24 indivisible premium.

25 (6) Insurance against theft of or physical damage to motorcycles, as
26 defined in G.S. 20-4.01(27)d.

27 (7) Personal excess liability or personal "umbrella" insurance.

28 (b) Member companies writing motorcycle liability insurance under this Article
29 and writing insurance against theft of or physical damage to motorcycles under Article
30 40 of this Chapter may incorporate motorcycle theft and physical damage coverage as
31 an endorsement to the liability policy issued under this Article."

32 **SECTION 4.** G.S. 58-37-1(6) reads as rewritten:

33 (6) "Motor vehicle" means every self-propelled vehicle that is designed
34 for use upon a highway, including trailers and semitrailers designed for
35 use with such vehicles (except traction engines, road rollers, farm
36 tractors, tractor cranes, power shovels, and well drillers). "Motor
37 vehicle" also means a motorcycle, as defined in G.S. 20-4.01(27)d."

38 **SECTION 5.** G.S. 58-40-15 reads as rewritten:

39 **"§ 58-40-15. Scope of application.**

40 The provisions of this Article shall apply to all insurance on risks or on operations in
41 this State, except:

- 1 (1) Reinsurance, other than joint reinsurance to the extent stated in G.S.
2 58-40-60;
- 3 (2) Any policy of insurance against loss or damage to or legal liability in
4 connection with property located outside this State, or any motor
5 vehicle or aircraft principally garaged and used outside of this State, or
6 any activity wholly carried on outside this State;
- 7 (3) Insurance of vessels or craft, their cargoes, marine builders' risks,
8 marine protection and indemnity, or other risks commonly insured
9 under marine, as distinguished from inland marine, insurance policies;
- 10 (4) Accident, health, or life insurance;
- 11 (5) Annuities;
- 12 (6) Repealed by Session Laws 1985, c. 666, s. 43.
- 13 (7) Mortgage guaranty insurance;
- 14 (8) Workers' compensation and employers' liability insurance written in
15 connection therewith;
- 16 (9) For private passenger (nonfleet) motor vehicle liability insurance,
17 automobile medical payments insurance, uninsured motorists'
18 coverage and other insurance coverages written in connection with the
19 sale of such liability insurance;
- 20 (10) Theft of or physical damage to nonfleet private passenger (nonfleet)
21 motor vehicles; except this Article applies to insurance against theft of
22 or physical damage to motorcycles, as defined in G.S. 20-4.01(27)d.;
23 and
- 24 (11) Insurance against loss to residential real property with not more than
25 four housing units located in this State or any contents thereof or
26 valuable interest therein and other insurance coverages written in
27 connection with the sale of such property insurance. Provided,
28 however, that this Article shall apply to insurance against loss to farm
29 dwellings, farm buildings and their appurtenant structures, farm
30 personal property and other coverages written in connection with farm
31 real or personal property; travel or camper trailers designed to be
32 pulled by private passenger motor vehicles unless insured under
33 policies covering nonfleet private passenger motor vehicles; residential
34 real and personal property insured in multiple line insurance policies
35 covering business activities as the primary insurable interest; and
36 marine, general liability, burglary and theft, glass, and animal collision
37 insurance except when such coverages are written as an integral part of
38 a multiple line insurance policy for which there is an indivisible
39 premium.

40 The provisions of this Article shall not apply to hospital service or medical service
41 corporations, investment companies, mutual benefit associations, or fraternal
42 beneficiary associations."

1 **SECTION 5.1.** Beginning on February 1, 2003, and annually thereafter, the
2 Department of Insurance shall report to the President Pro Tempore of the Senate and the
3 Speaker of the House of Representatives on the effectiveness of this act in assuring the
4 provision of insurance coverage to motorcyclists at fair and economical rates.

5 **SECTION 6.** This act becomes effective January 1, 2002. Rates, rating
6 systems, territories, classifications, and policy forms lawfully in use on January 1, 2002,
7 may continue to be used thereafter.