

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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SENATE BILL 660  
Commerce Committee Substitute Adopted 5/12/09  
House Committee Substitute Favorable 6/29/09  
House Committee Substitute #2 Favorable 7/14/09

Short Title: Auto Insurance/Diminution in Value.

(Public)

Sponsors:

Referred to:

March 19, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE AN ALTERNATIVE METHOD OF DETERMINING PROPERTY  
3 DAMAGES AS A PART OF MOTOR VEHICLE LIABILITY INSURANCE.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 20-279.21 is amended by adding a new subsection to read:  
6 "§ 20-279.21. "Motor vehicle liability policy" defined.

7 ...  
8 (d1) Such motor vehicle liability policy shall provide an alternative method of  
9 determining the amount of property damage to a motor vehicle when liability for coverage for  
10 the claim is not in dispute. For a claim for property damage to a motor vehicle against an  
11 insurer, the policy shall provide that if:

12 (1) The claimant and the insurer fail to agree as to the difference in fair market  
13 value of the vehicle immediately before the accident and immediately after  
14 the accident; and  
15 (2) The difference in the claimant's and the insurer's estimate of fair market  
16 value is greater than two thousand dollars (\$2,000) or twenty-five percent  
17 (25%) of the fair market retail value of the vehicle prior to the accident as  
18 determined by the latest edition of the National Automobile Dealers  
19 Association Pricing Guide Book or other publications approved by the  
20 Commissioner of Insurance, whichever is less, then on the written demand  
21 of either the claimant or the insurer, each shall select a competent and  
22 disinterested appraiser and notify the other of the appraiser selected within  
23 20 days after the demand. The appraisers shall then appraise the loss. Should  
24 the appraisers fail to agree, they shall then select a competent and  
25 disinterested appraiser to serve as an umpire. If the appraisers cannot agree  
26 upon an umpire within 15 days, either the claimant or the insurer may  
27 request that a magistrate resident in the county where the insured motor  
28 vehicle is registered or the county where the accident occurred select the  
29 umpire. The appraisers shall then submit their differences to the umpire. The  
30 umpire then shall prepare a report determining the amount of the loss and  
31 shall file the report with the insurer and the claimant. The agreement of the  
32 two appraisers or the report of the umpire, when filed with the insurer and  
33 the claimant, shall determine the amount of the damages. In preparing the  
34 report, the umpire shall not award damages that are higher or lower than the  
35 determinations of the appraisers. In no event shall appraisers or the umpire



1 make any determination as to liability for damages or as to whether the  
2 policy provides coverage for claims asserted. The claimant or the insurer  
3 shall have 15 days from the filing of the report to reject the report and notify  
4 the other party of such rejection. If the report is not rejected within 15 days  
5 from the filing of the report, the report shall be binding upon both the  
6 claimant and the insurer. Each appraiser shall be paid by the party selecting  
7 the appraiser, and the expenses of appraisal and umpire shall be paid by the  
8 parties equally. For purposes of this section, "appraiser" and "umpire" shall  
9 mean a person who as a part of his or her regular employment is in the  
10 business of advising relative to the nature and amount of motor vehicle  
11 damage and the fair market value of damaged and undamaged motor  
12 vehicles.

13 ...."

14 **SECTION 2.** G.S. 7A-292 is amended by adding a new subdivision to read:

15 "**§ 7A-292. Additional powers of magistrates.**

16 In addition to the jurisdiction and powers assigned in this Chapter to the magistrate in civil  
17 and criminal actions, each magistrate has the following additional powers:

18 ...

19 (15) To appoint an umpire to determine motor vehicle liability policy diminution  
20 in value, as provided in G.S. 20-279.21(d1)."

21 **SECTION 3.** This act becomes effective August 1, 2010, and applies to motor  
22 vehicle liability insurance policies issued or renewed on or after that date.