

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**SENATE BILL 460\***

Short Title: Umbrella Insurance Improvements-AB.

(Public)

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Sponsors: Senator Wellons.

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Referred to: Insurance and Consumer Protection.

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March 15, 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

- 1                   adopted under Chapter 150B of the General Statutes or by the  
2                   North Carolina Utilities Commission.
- 3           (2)   Additional ceding privileges for motor vehicle insurance shall be  
4           provided by the Board of Governors ~~if there is a substantial public~~  
5           ~~demand for a coverage or coverage limit of any component of motor~~  
6           ~~vehicle insurance~~ up to the following:
- 7           a.    Bodily injury liability: ~~one hundred thousand dollars (\$100,000)~~  
8           two hundred fifty thousand dollars (\$250,000) each person,  
9           ~~three hundred thousand dollars (\$300,000)~~ five hundred  
10          thousand dollars (\$500,000) each accident;
- 11          b.    Property damage liability: ~~fifty thousand dollars (\$50,000)~~ one  
12          hundred thousand dollars (\$100,000) each accident;
- 13          c.    Medical payments: ~~two thousand dollars (\$2,000)~~ five thousand  
14          dollars (\$5,000) each person;
- 15          d.    Underinsured motorist: one million dollars (\$1,000,000) each  
16          person and each accident for bodily injury liability; and
- 17          e.    Uninsured motorist: one million dollars (\$1,000,000) each  
18          person and each accident for bodily injury and fifty thousand  
19          dollars (\$50,000) for property damage (one hundred dollars  
20          (\$100.00) deductible).
- 21          (3)   Whenever the additional ceding privileges are provided as in G.S.  
22          58-37-35(b)(2) for any component of motor vehicle insurance, the  
23          same additional ceding privileges shall be available to "all other" types  
24          of risks subject to the rating jurisdiction of the North Carolina Rate  
25          Bureau."

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

- 27   "(3)   The Bureau shall promulgate and propose rates for insurance against  
28   loss to residential real property with not more than four housing units  
29   located in this State and any contents thereof or valuable interest  
30   therein and other insurance coverages written in connection with the  
31   sale of such property insurance; for insurance against theft of or  
32   physical damage to nonfleet private passenger motor vehicles; for  
33   liability insurance for such motor vehicles, automobile medical  
34   payments insurance, uninsured and underinsured motorists coverage  
35   and other insurance coverages written in connection with the sale of  
36   such liability insurance; and, as provided in G.S. 58-36-100, for loss  
37   costs and residual market rate filings for workers' compensation and  
38   employers' liability insurance written in connection therewith. This  
39   subdivision does not apply to motor vehicles operated under  
40   certificates of authority from the Utilities Commission, the Interstate  
41   Commerce Commission, or their successor agencies, where insurance  
42   or other proof of financial responsibility is required by law or by  
43   regulations specifically applicable to such certificated vehicles. The  
44   Bureau shall have no jurisdiction over excess workers' compensation

1 insurance for employers qualifying as self-insurers as provided in  
2 Article 47 of this Chapter or Article 5 of Chapter 97 of the General  
3 Statutes; nor shall the Bureau's jurisdiction include farm buildings,  
4 farm dwellings and their appurtenant structures, farm personal  
5 property or other coverages written in connection with farm real or  
6 personal property; travel or camper trailers designed to be pulled by  
7 private passenger motor vehicles, unless insured under policies  
8 covering nonfleet private passenger motor vehicles; personal excess  
9 liability or personal "umbrella" insurance; mechanical breakdown  
10 insurance covering nonfleet private passenger motor vehicles and other  
11 incidental coverages written in connection with this insurance,  
12 including emergency road service assistance, trip interruption  
13 reimbursement, rental car reimbursement, and tire coverage;  
14 residential real and personal property insured in multiple line insurance  
15 policies covering business activities as the primary insurable interest;  
16 and marine, general liability, burglary and theft, glass, and animal  
17 collision insurance, except when such coverages are written as an  
18 integral part of a multiple line insurance policy for which there is an  
19 indivisible premium."

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

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

33 **SECTION 4.** This act becomes effective July 1, 2001.