



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 611: Amend Rules of Evid./Binding Arbitration.

2019-2020 General Assembly

Committee:	House Judiciary. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 26, 2019
Introduced by:	Reps. Stevens, Davis, Zachary	Prepared by:	Brad Krehely
Analysis of:	PCS to First Edition H611-CSRN-15		Committee Co-Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 611 does all of the following: (1) deletes Rule 414 of the North Carolina Rules of Evidence dealing with proof of past medical expenses in negligence cases, (2) clarifies the meaning of the term "insurance" for purposes of Rule 411 of the North Carolina Rules of Evidence, and (3) creates a binding arbitration process for certain civil actions. The PCS deletes "district court" and substitutes "trial court" in the second condition for binding arbitration and makes a technical change.*

CURRENT LAW AND BILL ANALYSIS:

Section 1

Under current law, in a negligence action, to prove past medical expenses, a party may introduce only evidence of the amount actually paid in satisfaction of the bills that have been paid, and the amount actually necessary to satisfy any bills incurred but not yet paid. The rule does not require any party to negotiate a reduction in a provider's bill to which the party is not contractually entitled. G.S. 8C-1, Rule 414.

Section 1 repeals Rule 414 of the North Carolina Rules of Evidence.

Section 2

Under current law, evidence that a person was or was not insured against liability is not admissible on the issue whether the person acted negligently or wrongfully. This rule does not require the exclusion of evidence of insurance against liability when offered for another purpose (e.g. proof of agency, ownership, or control, or bias or prejudice of a witness). G.S. 8C-1, Rule 411.

Section 2 provides that nothing in this rule must be construed to prohibit the introduction of evidence of health insurance, disability insurance, or other forms of insurance when offered for a permissible purpose. However, parties cannot introduce evidence of any payments made by insurance under the collateral source rule.

Section 3

Under current law, there is a process for court-ordered, non-binding arbitration for certain civil actions. The Supreme Court has authority to adopt rules governing the procedure and may supervise its implementation through the Administrative Office of the Courts. Except as provided in the Supreme Court's Rules, the procedure is employed in all civil actions in district court unless all the parties to the action waive arbitration. G.S. 7A-37.1.

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House PCS 611

Page 2

Section 3 provides a new binding arbitration process in addition to the non-binding process in G.S. 7A-37.1. It provides that any named party to an action may elect binding arbitration when the following conditions are met:

- An admission of negligence by all named defendants to the action that is signed by all named parties.
- An express limitation by the named party with the burden of proof on damages that all alleged damages must not exceed the amount in controversy for the trial court.

Section 3 also provides that binding arbitration ends the rights of named plaintiffs to any recovery beyond the insurance coverage limits pertinent to the action.

EFFECTIVE DATE: The act is effective when it becomes law and applies to civil actions in litigation or commenced on or after that date.