



SENATE BILL 202: No Lapse, No Problem.

2021-2022 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	April 14, 2021
Introduced by:	Sens. Sawyer, Johnson	Prepared by:	Amy Darden
Analysis of:	Second Edition		Staff Attorney

OVERVIEW: *Senate Bill 202 modifies the action the North Carolina Division of Motor Vehicles (Division) takes when a lapse in financial responsibility occurs, allows electronic notification of a lapse, prevents the Division from assessing a penalty when a lapse occurs due to the sale or salvage of a motor vehicle, if certain conditions are met, and requires the Division to submit a plan for creation of a system to allow electronic submission of certain insurance documentation.*

CURRENT LAW: Current law requires the Division to notify a vehicle owner by mail when they receive evidence the owner no longer has financial responsibility for the vehicle. The owner must respond within 10 days from the date on the notice of lapse. Depending on what occurred during the lapse, an owner may receive a penalty or revocation of licensure.

BILL ANALYSIS: Section 1 would create a requirement for the Division to reconcile all notices received regarding financial responsibility pertaining to the vehicle owner, so a termination notice will not be recorded as a lapse if an earlier notice established the owner has met the duty to have continuous financial responsibility. The bill also allows the Division to send notices of a lapse of financial responsibility electronically.

Section 2 would prohibit the Division from assessing the owner a penalty for a lapse of financial responsibility if they respond with 10 days of the date of the notice of lapse and all the following conditions are met:

- The vehicle is sold to another person or for scrap or totaled in a wreck within 10 days of the termination of financial responsibility.
- The owner didn't operate or allow the vehicle to be operated during the lapse because (i) the vehicle was unable to be driven, or (ii) the vehicle was no longer in their possession and there was a delay of paperwork.
- The owner has returned the registration plate or submitted an affidavit indicated it was lost, stolen, or destroyed.

Section 3 would require the Division to develop a plan to implement electronic submission of documentation from insurers required under G.S. 20-309.2. The Division must report to the Chairs of the House and Senate Transportation Committees, the House Insurance Committee, and the Senate Commerce and Insurance Committee on or before October 1, 2021.

EFFECTIVE DATE: This act would become effective when it becomes law.

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Legislative Analysis
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