



# HOUSE BILL 402: Motor Vehicle Insurance Reform.

2023-2024 General Assembly

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<b>Committee:</b>	House Judiciary 2. If favorable, re-refer to Insurance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	April 19, 2023
<b>Introduced by:</b>	Reps. Stevens, Humphrey, Gillespie	<b>Prepared by:</b>	Alex Ramirez Susan Sitze Staff Attorneys
<b>Analysis of:</b>	First Edition		

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**OVERVIEW:** *The Proposed Committee Substitute (PCS) to House Bill 402 would:*

- *Raise the required motor vehicle liability policy coverage limits and required security deposits for drivers of motor vehicles.*
- *Change how the limits of underinsured motorist coverage (UIM) are calculated.*

**BILL ANALYSIS:** The PCS to House Bill 402 would do the following:

- **SECTION 1** would raise the required motor vehicle insurance minimum policy limits from \$30,000 to \$50,000 for bodily injury or death for a single person, from \$60,000 to \$100,000 for bodily injury or death of two or more people, and from \$25,000 to \$50,000 for destruction of property.
- **SECTION 2** would raise the limits of the required security that the Commissioner may require for uninsured drivers involved in an accident from \$30,000 to \$50,000 for bodily injury or death for a single person, from \$60,000 to \$100,000 for bodily injury or death of two or more people, and from \$25,000 to \$50,000 for destruction of property.
- **SECTION 3** would raise the payment sufficient to satisfy judgments to match the amounts in Sections 1 and 2.
- **SECTION 4** would do all of the following:
  - Change the statutory definition of a motor vehicle policy of liability insurance in G.S. 20-279.21 to match the changes in Sections 1 and 2.
  - Modify a statutorily required provision for vehicle policies of liability insurance to allow an insurer in a civil action to be issued a summons, complaint, or other process outside of the statute of limitations and still have them be bound by a final judgement taken by against an uninsured motorist.
  - Change the way the applicable limits of UIM are calculated.
  - Change the way the applicable limits of UIM are calculated for accidents in which more than one person is injured.
- **SECTION 5** would raise the amount of the deposit that must be filed with the State Treasurer from \$85,000 to \$125,000 in cash or securities to obtain proof of financial responsibility.

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- **SECTION 6** would raise the liability insurance prerequisite for businesses that rent or lease motor vehicles to match the increases in Sections 1 and 2.
- **SECTION 7** would raise the liability minimums for policies reinsured by The North Carolina Motor Vehicle Reinsurance Facility to match the increases in Sections 1 and 2.

**EFFECTIVE DATE:** The bill would be effective October 1, 2023, and apply to policies issued, amended, or renewed on or after that date.