



HOUSE BILL 402: Motor Vehicle Insurance Reform.

2023-2024 General Assembly

Committee:	House Insurance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 26, 2023
Introduced by:	Reps. Stevens, Humphrey, Gillespie	Prepared by:	Kristen L. Harris
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: *House Bill 402 would increase North Carolina's mandatory minimum motor vehicle liability insurance requirements for bodily injury and property damage and amend the laws relating to the calculation and recovery of underinsured motorist coverage.*

BILL ANALYSIS AND CURRENT LAW:

Section 1 would amend the definition of "proof of financial responsibility" to reflect an increase in the State's minimum motor vehicle liability insurance requirements for bodily injury and property damage.

Sections 2 and 3 would increase the State's minimum per-person liability insurance requirements for bodily injury from \$30,000 to \$50,000 and per-accident bodily injury requirements from \$60,000 to \$100,000. The minimum property damage insurance requirements would increase from \$25,000 to \$50,000.

Section 4 would allow an alternate method to serve an insurer of an uninsured motorist as an unnamed party. Service outside the statute of limitations would be valid under certain conditions. **Section 4** would amend the definition of an "underinsured highway vehicle." For an accident involving one claimant, the definition would change from being the difference between the total applicable liability insurance coverage and the total applicable underinsured coverage to being the difference between the total applicable liability insurance coverage and the total damages sustained by an individual seeking payment of benefits. For an accident involving multiple claimants, the amended definition would change from being the difference between the total amount paid to a claimant from all applicable liability coverage and the total applicable underinsured coverage to being the difference between the amount paid to the claimant from the exhaustion of all applicable liability coverage and the total damages sustained by an individual seeking payment of benefits. **Section 4** would remove the application of a setoff or credit against any underinsured motorist coverage applicable to a claim, including liability insurance, except for workers' compensation insurance. If a claimant is insured under multiple underinsured policies, the total amount applicable to the claimant would be the sum of combining the highest limit available under each policy with no setoff, except for workers' compensation insurance.

Section 5 would increase the amount of money or securities a person may show to prove financial responsibility from \$85,000 to \$125,000.

Sections 6 and 7 would apply the increased mandatory minimum bodily injury and property damage insurance requirements to rental cars and the North Carolina Reinsurance Facility's policies.

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

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Director



Legislative Analysis
Division
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