



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

HOUSE BILL 356: Various Civil and Insurance Law Changes.

2025-2026 General Assembly

Committee:	Senate Finance. If favorable, re-refer to Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	June 16, 2026
Introduced by:	Reps. Humphrey, Balkcom, Setzer	Prepared by:	Amy Darden, Drupti Chauhan, Karyl Smith, and Hillary Woodard
Analysis of:	Third Edition		Staff Attorneys

OVERVIEW: House Bill 356 would make the following changes:

- *Make technical changes to remove references to prelicensing education requirements.*
- *Prohibit mortgage licensees from requiring disclosure of reconstruction cost estimates.*
- *Delay the effective date for the requirements for inexperienced operator continuous coverage.*
- *Require insurers to notify the Department of Motor Vehicles of inexperienced drivers subject to the inexperienced operator premium surcharges.*
- *Require acceptance of certificates of insurance as sufficient proof of required insurance coverage.*
- *Revise provisions regarding peer-to-peer vehicle sharing.*
- *Create the North Carolina Motor Vehicle Glass Act.*
- *Provide updates to the North Carolina Professional Employer Organization Act.*
- *Allow an insurer, insurance producer, or limited representative to charge a convenience fee of less than \$1 when the premium is being paid in cash.*
- *Prohibit the functions of bail bondsmen from being performed by an electronic system.*
- *Change the yearly education reporting date for licensees under Article 71 of Chapter 58 of the North Carolina General Statutes from June 30 to May 15 and require continuing education courses for these licensees to be provided by an independent third-party provider, excluding the Department of Insurance as an entity authorized to provide continuing education courses.*
- *Require beach property insurance coverage for habitational property contents to be set in accordance with State approved rates.*

CURRENT LAW, BILL ANALYSIS & EFFECTIVE DATE:

Part I – Technical Corrections to Remove References to Prelicensing Education

Current Law: Part I of S.L. 2025-45 eliminated the requirement that applicants for licensure as insurance producers, limited representatives, adjusters, or motor vehicle damage appraisers complete any specific amount of instruction or course of instruction.

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Section Analysis: Effective when it becomes law, Section 1 of the bill would make technical and confirming changes to the statute regulating continuing insurance education instructors by removing references to prelicensing education.

Part II – Prohibit Mortgage Licensees from Requiring the Disclosure of Reconstruction Cost Estimates

Current Law: G.S. 53-244.111 lists prohibited acts for any person engaged in any residential mortgage loan transaction. Specifically, G.S. 58-3-137 prohibits a person from requiring an insurance company or agent to provide the replacement cost estimator or other underwriting or related proprietary business information of an insurer underwriting an insurance policy covering real property, as a condition to the lending of money or extension of credit to be secured by real property. The Department of Insurance is authorized to investigate the affairs of any person to whom these provisions apply.

Section Analysis: Section 2 of the bill, effective October 1, 2026, would add a prohibition for failure to comply with the prohibition against requiring an insurance company or agent to provide the replacement cost estimator or other information of an insurer as a condition of lending money or extending credit to be secured by real property. Section 2 would also allow the Commissioner of Banks to investigate the affairs of any mortgage business licensee to whom the provisions of G.S. 58-3-137 apply.

Part III – Delay Effective Date for Inexperienced Operator Continuous Coverage

Current Law: Part VIII of S.L. 2025-45 will make the following changes to provisions of the Safe Driver Incentive Plan relating to the inexperienced operator premium surcharge, beginning July 1, 2026:

- Prohibit a person subject to an inexperienced operator premium surcharge from operating a motor vehicle unless the liability insurance policy benefiting that person includes any required premium surcharge and authorizes the Division of Motor Vehicles (DMV) to suspend the license of any operator who operates a motor vehicle in violation of this prohibition.
- Require an insurer to notify the DMV when a person subject to an inexperienced operator premium surcharge is added to or removed from a policy's coverage or when a policy is cancelled after a person subject to an inexperienced operator premium has been added to the policy's coverage.
- Require the DMV to ensure that its records accurately reflect the coverage status of persons subject to an inexperienced operator premium surcharge.

Section Analysis: Section 3 of the bill, effective when it becomes law, would delay the effective date of Part VIII of S.L. 2025-45 from July 1, 2026, to January 1, 2027.

Part IV – Reporting Requirements for Inexperienced Drivers

Current Law: An insurer must notify the DMV with regard to a motor vehicle liability policy about any of the following:

- Issuance of a new or replacement policy.
- Termination of a policy (either by cancellation or failure to renew) unless the same insurer issues a replacement policy at the same time the old policy is terminated and there is no lapse in coverage.
- Reinstatement of a policy after the insurer has notified the DMV of a cancellation or termination.
- Whenever a person subject to an inexperienced operator premium surcharge is added or removed from the policy's coverage or if a policy to which that person was added was cancelled.

The DMV must ensure that its records reflect the insurance coverage status of (i) each owner of a motor vehicle registered or required to be registered in the State and (ii) persons subject to an inexperienced

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operator premium surcharge by reconciling all notices received regarding that individual or motor vehicle owner.

Section Analysis: Section 6 of the bill, effective when it becomes law, would clarify that an insurer would have to notify the DMV when a person with a North Carolina driver's license subject to an inexperienced operator premium surcharge is added or removed from the policy's coverage or if a policy to which that person was added has been canceled. This section would further clarify that DMV's records must reflect the insurance coverage status of persons with a North Carolina driver's license who are subject to the inexperienced operator premium surcharge.

Part V – Require Acceptance of Certificates of Insurance

Current Law: G.S. 58-3-149 defines a "certificate of insurance" as a document prepared or issued exclusively by an insurance company or licensed producer that is used to verify or evidence the existence of property or casualty insurance coverage, including a document submitted or created electronically.

Section Analysis: Section 4 of the bill, effective October 1, 2026, would, with respect to any requirement to maintain insurance coverage, require the State, any unit of local government, and any occupational licensing board or State agency licensing board to accept a properly issued certificate of insurance as sufficient evidence of the required insurance coverage and not require additional proof of insurance coverage.

Part VI – Peer-to-Peer Vehicle Sharing

Current Law: Article 10B of Chapter 20 of the General Statutes allows airport operators to do the following with regard to peer-to-peer vehicle sharing programs:

- Charge reasonable fees for the use of airport facilities.
- Require an identifying decal be displayed on all shared vehicles that operate on airport premises.
- Require the purchase and use of equipment or establish other appropriate mechanisms for monitoring and auditing compliance, including having peer-to-peer vehicle sharing programs provide data for monitoring and auditing compliance.
- Designate a location where shared vehicles may stage on the airport operators' facilities.

Section Analysis: Section 5 of the bill would make changes and additions to the Article as follows:

Amendment and Addition of Definitions

- Revise the definition of "peer-to-peer vehicle sharing" to mean the authorized use of a shared vehicle for financial consideration by an individual other than the shared vehicle owner through a peer-to-peer vehicle sharing program.
- Define "shared vehicle delivery period" as the time during which a shared vehicle is being delivered to the location of the vehicle sharing start time.
- Define "shared vehicle driver" as an individual who is authorized to drive the shared vehicle by the shared vehicle owner under a vehicle sharing agreement.
- Clarify that a "shared vehicle owner" is the registered owner of the shared vehicle or a person or entity designated by the registered owner who has not made an election under the alternative tax for a limited possession commitment under the State's tax statutes.
- Define "vehicle sharing agreement" to mean the terms and conditions applicable to a shared vehicle owner and a shared vehicle driver that govern use of the shared vehicle.

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- Define "vehicle sharing period" as the period of time that begins with the shared vehicle delivery period or if there is no period, the vehicle sharing start time, and in either case, ends at the vehicle sharing termination time.
- Remove the definition of "vehicle sharing provider".
- Define "vehicle sharing start time" as the time when a shared vehicle becomes subject to the control of a shared vehicle driver at or after the time the reservation of a shared vehicle is scheduled to begin as provided in the records of the peer-to-peer vehicle sharing program.
- Define "vehicle sharing termination time" as the earliest occurrence of any of the following:
 - The expiration of the agreed upon period of time for the use of a shared vehicle according to the terms of the vehicle sharing agreement if the shared vehicle is delivered to the location agreed upon in that agreement.
 - When the shared vehicle is returned to an alternate location agreed upon by the shared vehicle owner and shared vehicle driver as communicated through a peer-to-peer vehicle sharing program.
 - When the shared vehicle owner or the owner's designee takes possession of the shared vehicle.

Assumption of Liability

Peer-to-peer vehicle sharing programs would assume the liability of a shared vehicle owner during the vehicle sharing period for: (i) bodily injury or property damage to third parties, (ii) uninsured and underinsured losses, and (iii) personal injury protection losses. The liability would be required to be to the extent and manner required by State law and the amount in the vehicle sharing agreement.

The assumption of liability would not apply if either of the following occur:

- A shared vehicle owner makes an intentional or fraudulent material misrepresentation or omission to the peer-to-peer vehicle sharing program before the sharing period in which the loss occurred.
- A shared vehicle owner who is acting in concert with a shared vehicle driver fails to return the shared vehicle under the terms of the vehicle sharing agreement.

Insurance Coverage

Coverage of Shared Vehicle: Peer-to-peer vehicle sharing programs would be required to ensure that shared vehicle owners and shared vehicle drivers are insured under a motor vehicle liability insurance policy that provides insurance coverage in amounts no less than the minimum amounts required by law. The motor vehicle liability insurance would also be required to: (i) acknowledge that the insured shared vehicle is used in a peer-to-peer vehicle sharing program, and (ii) not exclude the use of a shared vehicle in a peer-to-peer vehicle sharing program.

Maintenance of Insurance of Shared Vehicle: The motor vehicle liability insurance would be required to be maintained by at least the shared vehicle owner, shared vehicle driver, or the peer-to-peer sharing program.

Insurance Coverage Differences: The required motor vehicle liability insurance policy would be the primary insurance policy during each vehicle sharing period. If a claim occurs in another state that has minimum financial responsibility limits higher than those required in North Carolina, the insurance required under this bill would satisfy the difference in minimum coverage amounts.

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Assumption of Primary Liability: The entity maintaining the motor vehicle liability insurance policy would be required to assume primary liability when: (i) a dispute exists as to who controlled the shared vehicle at the time of the loss or (ii) a dispute exists as to whether the shared vehicle was returned to the agreed upon alternate location.

Lapsed or Inadequate Insurance Coverage: If the motor vehicle liability insurance policy maintained by a shared vehicle owner or shared vehicle driver has lapsed or does not provide required coverage, the policy maintained by the peer-to-peer vehicle sharing program would be required to provide the required coverage.

Coverage under a motor vehicle liability insurance policy maintained by the peer-to-peer vehicle sharing program would not be authorized to be dependent on another automobile insurer or motor vehicle liability insurance policy first denying a claim.

No Limitations on Liability

Nothing would be allowed to be interpreted as either limiting or restricting any of the following:

- The liability of the peer-to-peer vehicle sharing program for any act or omission of the program itself that results in injuries to a person because of the use of a shared vehicle through the program.
- The ability of the peer-to-peer vehicle sharing program to seek indemnification from the shared vehicle owner or the shared vehicle driver for economic loss sustained by the program resulting from a breach of the terms and conditions of the vehicle sharing agreement.

Notification of Lien on Shared Vehicle

When a vehicle owner registers as a shared vehicle owner on a peer-to-peer vehicle sharing program, the peer-to-peer vehicle sharing program would be required to notify the vehicle owner that if the shared vehicle has a lien against it, the use of the shared vehicle through the program may violate the terms of the contract with the lienholder.

Exclusions for Personal Motor Vehicle Liability Insurance Policies and Contribution Against Indemnification

Motor vehicle insurers in this State would be allowed to exclude coverage and the duty to defend or indemnify for claims arising out of peer-to-peer vehicle sharing that are covered under the shared vehicle owner's motor vehicle liability insurance policy for any of the following:

- Liability coverage for bodily injury and property damage.
- Personal injury protection coverage and uninsured and underinsured motorist coverage.
- Medical payments and comprehensive physical damage coverage.
- Collision physical damage coverage.

Nothing in the new statutes would be able to be interpreted to invalidate or limit (i) an exclusion contained in the motor vehicle liability insurance policy, including exclusions for motor vehicles made available for rent, sharing, or hire for any business use; (ii) a motor vehicle insurer's ability to underwrite any insurance policy; or (iii) a motor vehicle insurer's ability to cancel and non-renew policies.

A motor vehicle insurer that defends or indemnifies a claim against a shared vehicle that was excluded under the terms of its policy would have the right to seek contribution against the motor vehicle insurer of the peer-to-peer vehicle sharing program if the loss or injury occurs during the vehicle sharing period and the claim was excluded under the terms of its policy.

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Record Keeping

Peer-to-peer sharing programs would be required to collect and verify records about the use of the shared vehicle including vehicle sharing times, fees paid by the shared vehicle driver, and revenues received by the shared vehicle owner. This information would have to be provided for claim coverage, investigation, or litigation.

Consumer Protections for Peer-to-Peer Vehicle Sharing Programs

The following disclosures would have to be made to a shared vehicle owner and shared vehicle driver:

- Any rights of the peer-to-peer vehicle sharing program to seek indemnification from the shared vehicle owner or shared vehicle driver for economic loss sustained by the program because of a breach of the terms and conditions of the vehicle sharing agreement.
- Motor vehicle liability insurance policies issued to the shared vehicle owner or the shared vehicle driver would not provide a defense or indemnification for claims asserted by the peer-to-peer vehicle sharing program.
- That the program's insurance on the shared vehicle owner and shared vehicle driver would be in effect only during the sharing period.
- The daily rate, fees, and any insurance or protection package costs that would be charged to the shared vehicle owner and shared vehicle driver.
- That the shared vehicle owner's motor vehicle liability insurance may not provide coverage for a shared vehicle.
- An emergency telephone number for roadside assistance and other customer service.
- Any conditions under which a shared vehicle driver would be required to maintain a motor vehicle liability insurance policy with certain coverage limits to book a shared motor vehicle.

Driver's License Verification and Data Retention

A peer-to-peer vehicle sharing agreement would not be allowed with a driver unless the driver meets one of the following:

- Has a valid North Carolina driver's license.
- Is a nonresident of the State who has a valid driver's license from the state or country in which the driver resides that allows the driver to drive a motor vehicle of the class of the shared vehicle and the driver is of the same age that North Carolina requires to operate the class of the shared vehicle.
- Is otherwise allowed by North Carolina law to operate a motor vehicle of the class of the shared vehicle.

The peer-to-peer vehicle sharing program would have to keep identifying information about the shared vehicle driver and the driver's license of the shared vehicle driver.

Equipment Responsibility

Peer-to-peer vehicle sharing programs would have sole responsibility for any equipment placed in the shared vehicle to monitor or facilitate the vehicle sharing transaction and would have to indemnify and hold harmless the shared vehicle owner for any damage or theft to that equipment not caused by the owner during the vehicle sharing period. The peer-to-peer vehicle sharing programs would retain the right to seek indemnity from the shared vehicle driver for any loss or damage to the equipment that occurs during the vehicle sharing period.

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Safety Recalls

Before a shared vehicle is made available on a peer-to-peer vehicle sharing program, the program would have to: (i) verify that the shared vehicle does not have safety recalls on it, and (ii) notify the shared vehicle owner of this requirement.

If a shared vehicle owner has received actual notice of a safety recall, the shared vehicle owner would have to do all of the following:

- Refrain from making the shared vehicle available until the safety recall repair is made.
- Remove the shared vehicle as available on the vehicle sharing program as soon as practicable after receiving the safety recall notice.
- Notify the peer-to-peer vehicle sharing program as soon as practicable about a safety recall notice that is received while the shared vehicle is being used by a shared vehicle driver.

This section would become effective October 1, 2026, and would apply to all peer-to-peer vehicle sharing agreements entered into on or after that date.

Part VII – North Carolina Motor Vehicle Glass Act

Current Law: Article 15B of Chapter 20 of the North Carolina General Statutes, the North Carolina Motor Vehicle Repair Act, provides that motor vehicle repair shops must comply with certain notice and disclosure requirements regarding repairs and repair estimates for motor vehicles. These provisions do not specifically address repair or replacement of motor vehicle glass.

Section Analysis: Section 7 of the bill would create Article 15C in Chapter 20 of the North Carolina General Statutes which would establish similar notice and disclosure requirements for motor vehicle glass repair shops. Motor vehicle glass repair shops, which would be defined as any person engaged in the repair or replacement of glass used in the windshield, doors, or windows of a motor vehicle, would be required to comply with the following before performing any repair or replacement of damaged motor vehicle glass:

- If the motor vehicle has an advanced driver assistance system:
 - Notify the insured that calibration or recalibration of an advanced driver assistance system would be needed after a windshield repair or replacement and if that motor vehicle glass repair shop intends to calibrate or recalibrate the advanced driver assistance system in accordance with the motor vehicle manufacturer's specifications.
 - If the motor vehicle glass repair shop is not capable of performing or does not intend to perform the calibration or recalibration, notify the insured that the motor vehicle should be taken to a certified dealership or specialist capable of performing any needed calibration or recalibration.
- Provide the insured with a good faith estimate of fees and costs anticipated for repair and replacement of damaged motor vehicle glass and any updated estimate necessary.

After performing any repair or replacement of damaged motor vehicle glass, the motor vehicle glass repair shop would be required to:

- If the motor vehicle has an advanced driver assistance system:
 - If calibration or recalibration of an advanced driver assistance system is performed by the motor vehicle glass repair shop, notify the insured as to whether the calibration or recalibration were successful or not, and, if the calibration was not successful, that the

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motor vehicle should be taken to an entity capable of performing that service, and that the insured should not rely on the advanced driver assistance system.

- Provide the insured with an itemized invoice and receipt upon payment.

Section 7 of the bill would also prohibit motor vehicle glass repair shops from engaging in a number of things, including:

- Providing a rebate, gift, gift card, cash, coupon, fee, prize, bonus, payment, incentive, inducement, or any other thing of value in exchange for making a claim under a motor vehicle insurance policy for repair or replacement of damaged motor vehicle glass.
- Charging higher fees and costs than are reasonable and customarily charged.
- Engaging in fraudulent practices that would result in an increased cost of repair or replacement of damaged motor vehicle glass, change of insurance coverage status, or higher cost of insurance.
- Falsely stating that an insurer has approved a repair or replacement of motor vehicle glass or that the repair or replacement will be paid in full by an insurer without this being verified by the insurer.

The Commissioner of Insurance would be entitled to levy civil penalties for violations of these requirements, with the first violation resulting in a fine of \$750, the second violation resulting in a fine of \$1,500, and the third violation resulting in a fine of \$2,500. These fees would be remitted to the Civil Penalty and Forfeiture Fund.

The Department of Insurance would also be authorized to adopt rules to administer and implement the provisions.

Section 7 would become effective October 1, 2027, and would apply to glass repairs covered under insurance policies issued or renewed on or after that date.

Part VIII – North Carolina Professional Employer Organization Act Update

Current Law: The activities of professional employer organizations are regulated by the Professional Employer Organization Act ("PEO Act"), Article 89A of Chapter 58 of the General Statutes. Section 4 of S.L. 2025-45 made changes to the PEO Act by adding a definition of "tangible net worth" and removing references to generally accepted accounting principles (GAAP).

Section Analysis: Section 8, effective when it becomes law, would delete the definition of "tangible net worth" and return the GAAP language and standards throughout the relevant sections of the PEO Act.

Part XI – Cash Convenience Fee Under \$1 Allowed

Current Law: G.S. 58-33-85 prohibits any insurer, insurance producer, or limited representative from providing any rebate, discount, abatement, credit, reduction in premium, or any special favor or advantage, or any valuable consideration or inducement not specified in the insurance policy.

Section Analysis: Section 9, effective when it becomes law, would allow a cash convenience fee of \$0.99 or less when the insurance premium is being paid in cash.

Part X – Bail Bondsmen Changes

Current Law: Article 71 of Chapter 58 provides the licensing requirements and regulations for bail bondsmen and runners in this State.

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Section Analysis: Effective June 30, 2026, Section 10 of the bill would prohibit the functions, duties, or powers of any professional bondsmen, surety bondsmen, or runners from being performed by electronic systems.

Section 10 of the bill would also change the yearly continuing education reporting date from June 30 to May 15 for licensees under Article 71 and would require continuing education courses to be provided by independent third-party providers. The Department of Insurance (DOI) would be specifically excluded as a provider of continuing education courses. DOI would be able to continue to issue bulletins, advisory notices, legal updates, and other materials relating to the bail bond profession or serve as a guest speaker or informational presenter.

Part XI – Require Beach Property Insurance Coverage for Habitational Property Contents to be Set in Accordance with State Approved Rates

Current Law: The Coastal Property Insurance Pool, formerly known as "the Beach Plan," is governed by the North Carolina Insurance Underwriting Association (Association). The Association was created by the General Assembly in 1967 in Article 45 (Essential Property Insurance for Beach Area Property) of Chapter 58 (Insurance) of the General Statutes.

Section Analysis: Section 11 of the bill would remove the specific coverage limit of 40% for contents of habitational properties and instead require rates to be in accordance with the most recent manual rates or adjusted loss costs and forms that are legally in effect in the State.

These changes would be effective January 1, 2027, and apply to contracts issued, amended, and renewed on or after that date.

EFFECTIVE DATE: Except as otherwise provided, this act is effective when it becomes law.