

March 23, 2005

**S 881. INSURANCE POINTS FOR LAPSE IN AUTO COVERAGE. TO REQUIRE THE COMMISSIONER OF INSURANCE AND THE NORTH CAROLINA RATE BUREAU TO ADOPT RULES TO ASSIGN INSURANCE POINTS FOR LAPSES IN MOTOR VEHICLE LIABILITY POLICIES.** As title indicates, requires assignment of a minimum of one point for a second lapse of coverage and two points for the third and subsequent lapses during any 36-month period.

Requires that rules be adopted by January 1, 2006.

**Intro. by Garrou.**

Ref. to Commerce

GS 20, 58

June 29, 2005

**S 881. LAPSE IN LIABILITY INSURANCE (NEW).** Intro. 3/23/05. Senate committee substitute deletes substance of 1st edition and replaces it with *AN ACT TO REVISE THE PENALTIES FOR OPERATING A MOTOR VEHICLE WITHOUT HAVING IN FULL FORCE AND EFFECT A LIABILITY INSURANCE POLICY PROVIDING FINANCIAL RESPONSIBILITY*. Amends GS 20-309(e) to transfer to new GS 20-311(a) provisions setting forth the procedures for notifying a motor vehicle owner of a lapse in liability coverage. New GS 20-311(a) requires that the Division of Motor Vehicles (DMV) send the owner of a motor vehicle with lapsed coverage a letter notifying owner of lapse (was, GS 20-309(e) did not require notification in writing) and that DMV correct its records if owner claims there was no lapse. GS 20-311(a) also requires that DMV take the following actions: (1) if owner has corrected the lapse, was not involved in an accident with vehicle during lapse, and did not operate the vehicle with knowledge of the lapse, assess a penalty against owner ranging from \$75 for the owner's first lapse to \$250 if owner had two or more lapses during the previous three years (was, \$50 regardless of number of lapses); (2) if owner has not corrected the lapse or if owner has corrected lapse but was either involved in an accident during lapse or operated vehicle with knowledge of the lapse, DMV must assess a penalty and revoke the vehicle's registration for the period established in new GS 20-311(c); and (3) if owner does not respond to the notice of lapse, DMV must revoke the vehicle's registration in accordance with GS 20-311(c) and, once owner responds, impose those penalties required by subsection. Enacts new GS 20-311(d) to establish the content of the notice of registration revocation. Transfers provisions concerning the restoration of a revoked vehicle registration from GS 20-309(e) to new GS 20-311(e), requires payment of any assessed penalties prior to restoration, and decreases the penalty for restoration from \$50 to \$25. Repeals GS 20-312 (making owner's failure to deliver certificate of registration and plates after revocation a Class 1 misdemeanor) and provides that owner's failure to return vehicle's registration plate and card to DMV is a Class 2 misdemeanor under GS 20-45. Also repeals GS 20-316.1 (requiring that insurer notify DMV of reinstatement or renewal of motor vehicle liability insurance). Makes technical changes. Effective for lapses occurring on or after January 1, 2006.

August 9, 2005

**S 881. LAPSE IN LIABILITY INSURANCE.** Intro. 3/23/05. Senate committee substitute makes the following changes to 2nd edition. Repeals GS 20-309(e) and incorporates requirements of that subsection into new GS 20-309.2 to require that insurer issuing a motor vehicle liability policy notify the Div'n of Motor Vehicles within 20 business days when the insurer issues a new or replacement policy or terminates a policy (unless insurer issues a replacement policy and there is no lapse in coverage), and that insurer notify Div'n immediately when it reinstates a policy after a policy's cancellation or termination. Requires that insurers with \$25 million or more in annual vehicle insurance premium volume submit required notices electronically. Also incorporates provision authorizing Comm'r of Insurance to assess a civil penalty \$200 against insurer for failure to provide required notification, unless good cause is shown. Revises proposed GS 20-311(e) to increase the registration restoration fee from \$25 to \$50. Makes technical and conforming changes. Changes effective date to January 1, 2007 (was, January 1, 2006).

June 26, 2006

**S 881. LAPSE IN LIABILITY INSURANCE.** Filed 3/22/05. House committee substitute makes the following changes to 3rd edition. (1) Amends proposed new GS 20-309.2(b) by changing from immediately to 20 days the time period by which an insurer must notify the Division of Motor Vehicles of reinstatement of a motor vehicle liability policy after an earlier notice of termination. (2) Changes effective date from January 1, 2007, to January 1, 2008. (3) Also makes stylistic changes.

July 13, 2006

**S 881. LAPSE IN LIABILITY INSURANCE.** Filed 3/22/05. House committee substitute makes the following changes to 4th edition. The fourth edition provides for penalties payable under revised GS 20-311 that are graduated according to the number of lapses in financial responsibility in the three years preceding the lapse for which the current penalty will be assessed. This committee substitute reduces the proposed penalties as follows: no lapses, from \$75 to \$50; one lapse, from \$150 to \$100; and two or more lapses, \$250 to \$150.

July 19, 2006

**S 881. LAPSE IN LIABILITY INSURANCE.** Filed 03/22/05. House amendment makes the following changes to 5th edition. Changes effective date to July 1, 2008 (was January 1, 2008), making act applicable to lapses occurring on or after that date.

August 14, 2006

**SL 2006-213 (S 881). LAPSE IN LIABILITY INSURANCE. AN ACT TO REVISE THE PENALTIES FOR OPERATING A MOTOR VEHICLE WITHOUT HAVING IN FULL FORCE AND EFFECT A LIABILITY INSURANCE POLICY PROVIDING FINANCIAL RESPONSIBILITY.** Summarized in *Daily Bulletin* 3/23/05, 6/29/05, 8/9/05, 6/26/06, 7/13/06, and 7/19/06. Enacted August 8, 2006. Effective July 1, 2008.