

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL DRS45098-ML-30A (12/22)

Short Title: Auto Ins./Notice to Lienholder of Termination. (Public)

Sponsors: Senator D. Davis (Primary Sponsor).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE MOTOR VEHICLE INSURERS TO PROVIDE ADEQUATE NOTICE TO LIENHOLDERS OF RECORD PRIOR TO TERMINATING A MOTOR VEHICLE LIABILITY INSURANCE POLICY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-36-85 reads as rewritten:

"§ 58-36-85. **Termination of a nonfleet private passenger motor vehicle insurance policy.**

(a) Definitions. – The following definitions apply in this section:

(1) Lienholder. – A person who holds a perfected security interest in a motor vehicle at the time a policy is terminated.

(2) Policy. – A nonfleet private passenger motor vehicle liability insurance policy, including a policy that provides medical payments, uninsured motorist, or underinsured motorist coverage, whose named insured is one individual or two or more individuals who reside in the same household.

~~(2)~~(3) Terminate. – To cancel or refuse to renew a policy.

(b) Termination Restrictions. – An insurer shall not terminate a policy for a reason that is not specified in G.S. 58-2-164(g), 58-36-65(g), or 58-37-50. A termination of a policy is not effective unless the insurer either has notified a named insured of the termination by sending a written termination notice by first class mail to the insured's last known address or is not required by this subsection to send a written termination notice. Proof of mailing of a written termination notice is proof that the notice was sent.

An insurer is not required to send a written termination notice if any of the following applies:

(1) The insurer has manifested its willingness to renew the policy by issuing or offering to issue a renewal policy, a certificate, or other evidence of renewal.

(2) The insurer has manifested its willingness to renew the policy by any means not described in subdivision (1) of this subsection, including mailing a premium notice or expiration notice by first class mail to the named insured and the failure of the insured to pay the required premium on or before the premium due date.

(3) A named insured has given written notification to the insurer or its agent that the named insured wants the policy to be terminated.

(c) Contents of Notice. – The form of a written termination notice used by an insurer must be approved by the Commissioner before it is used. A written termination notice must state the reason for the termination and the date the termination is effective. If the policy is terminated for nonpayment of the premium, the effective date ~~may~~ must be at least 15 days from the date the notice is mailed. If the policy is terminated for any other reason, the effective date must be at least



1 60 days after the notice is mailed. A written termination notice must include or be accompanied by
2 a statement that advises the insured of the penalty for driving a vehicle without complying with
3 Article 13 of Chapter 20 of the General Statutes and that the insured has the right to request the
4 Department to review the termination.

5 (c1) Notice to Lienholder Required. – An insurer shall provide a copy of the written notice
6 required under subsection (b) of this section to any lienholder of record at least 10 calendar days
7 prior to the effective date of the termination of the policy. An insurer shall send the copy required
8 by this subsection by first-class mail to the lienholder's last known address. Failure to provide a
9 copy under this subsection does not affect the effectiveness of the termination.

10"

11 **SECTION 2.** This act becomes effective October 1, 2017, and applies to terminations
12 on or after that date.