

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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HOUSE BILL 13  
Committee Substitute Favorable 4/19/01

Short Title: Motor Vehicle Repairs.

(Public)

Sponsors:

Referred to:

January 29, 2001

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROHIBIT INSURANCE COMPANIES FROM RECOMMENDING  
3 THAT INSURANCE CLAIMANTS OBTAIN MOTOR VEHICLE REPAIR  
4 SERVICES FROM PARTICULAR SOURCES WITHOUT BEING INFORMED  
5 THAT CLAIMANTS DO NOT HAVE TO USE THOSE RECOMMENDED  
6 REPAIR SERVICES OR SOURCES AND TO AUTHORIZE THE LEGISLATIVE  
7 RESEARCH COMMISSION TO STUDY THE INSURANCE INDUSTRY  
8 PRACTICE OF RECOMMENDING REPAIR SERVICES TO CLAIMANTS.

9 The General Assembly of North Carolina enacts:

10 SECTION 1. G.S. 58-3-180 reads as rewritten:

11 "§ 58-3-180. Motor vehicle repairs; selection by claimant.

12 (a) A policy covering damage to a motor vehicle shall allow the claimant to  
13 select the repair service or source for the repair of the damage.

14 (b) The amount determined by the insurer to be payable under a policy covering  
15 damage to a motor vehicle shall be paid regardless of the repair service or source  
16 selected by the claimant.

17 (b1) No insurer or insurer representative shall recommend the use of a particular  
18 motor vehicle repair service without clearly informing the claimant that (i) the claimant  
19 is under no obligation to use the recommended repair service, (ii) the claimant may use  
20 the repair service of the claimant's choice, and (iii) the amount determined by the  
21 insurer to be payable under the policy will be paid regardless of whether or not the  
22 claimant uses the recommended repair service. Each insurer shall disclose the  
23 information in a manner to be determined by the Commissioner.

24 (c) Any person who violates this section is subject to the applicable provisions of  
25 G.S. 58-2-70 and G.S. 58-33-45, provided that the maximum civil penalty that can be  
26 assessed under G.S. 58-2-70(d) for a violation of this section is two thousand dollars  
27 (\$2,000).

28 (d) As used in this section, 'insurer representative' includes an insurance agent,  
29 limited representative, broker, adjuster, and appraiser.

1       (e) The Commissioner may adopt rules to carry out the provisions of this  
2 section."

3               **SECTION 2.** The Legislative Research Commission may conduct a  
4 comprehensive study of the practices of the insurance industry in recommending repair  
5 services or sources to claimants and the policies and procedures of the Department of  
6 Insurance in enforcing G.S. 58-3-180 to determine if State law should be amended to  
7 better protect and promote the public's right to select a repair service or source.

8               If the Legislative Research Commission undertakes the study, it shall report  
9 its findings and recommendations to the 2002 Regular Session of the 2001 General  
10 Assembly.

11               **SECTION 3.** Section 1 of this act becomes effective October 1, 2001. The  
12 remainder of this act is effective when it becomes law.