

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1719

Short Title: Credit Prop. Ins. Defin.

(Public)

Sponsors: Senators Parnell; Harris, Hoyle, Johnson, Kincaid, Lee, Plyler, Ward, and Warren.

Referred to: Insurance.

June 21, 1994

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CHANGES IN G.S. 58-57-100 TO FURTHER DEFINE AUTOMOBILE PHYSICAL DAMAGE INSURANCE AND TO MAKE A CONFORMING CHANGE.

The General Assembly of North Carolina enacts:

Section 1. The catch line and subsection (a) of G.S. 58-57-100 read as rewritten:

**"§ 58-57-100. ~~Automobile~~ Credit property insurance; automobile physical damage insurance.**

(a) Single interest or dual interest physical damage insurance may be written on nonfleet private passenger motor vehicles, as defined in G.S. 58-40-10, that are used as collateral for loans made under Article 15 of Chapter 53 of the General Statutes, Statutes. Automobile physical damage insurance as described in this section is a form of credit property insurance, as referred to in G.S. 53-189. It is subject to the following conditions:

- (1) Such insurance may be written only on a motor vehicle on which there is a valid inspection sticker.
- (2) If a motor vehicle is already insured and the lender is named loss payee and that insurance continues in force, then no other physical damage insurance may be written.
- (3) Notification must be given orally and in writing to the borrower that he has the option to provide his own insurance coverage at any point during the term of the loan.

1           (4)    The creditor must have either a first or second lien on the motor  
2           vehicle to be insured.

3           (5)    The amount of insurance coverage may not exceed the lesser of (i) the  
4           principal amount of the loan plus allowable charges, excluding  
5           interest, plus two scheduled installment payments or (ii) the actual fair  
6           market value of the collateral at the time the insurance is written.

7           (6)    When a creditor accepts other collateral in addition to a motor vehicle  
8           as herein defined, the combined insurance on all collateral may not  
9           exceed the initial indebtedness of the loan."

10          Sec. 2. The catch line of G.S. 58-57-90 reads as rewritten:

11   "**§ 58-57-90. Credit property ~~insurance.~~ insurance; personal household property**  
12    **coverage.**"

13          Sec. 3. This act is effective upon ratification.