

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 277
Commerce Committee Substitute Adopted 5/31/05

Short Title: Motor Vehicle Self-Insurers.

(Public)

Sponsors:

Referred to:

March 2, 2005

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE ISSUANCE OF A CERTIFICATE OF MOTOR
VEHICLE SELF-INSURANCE FOR CERTAIN GROUPS TO ADDRESS THOSE
ORGANIZATIONS EXEMPTED UNDER FEDERAL LAW.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-279.33 reads as rewritten:

"§ 20-279.33. **Self-insurers.**

(a) Any person in whose name more than 25 motor vehicles are registered may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the Commissioner as provided in subsection (b) of this section. For the purpose of this Article, the State of North Carolina shall be considered a self-insurer.

(b) The Commissioner may, in his discretion, upon the application of such a person, issue a certificate of self-insurance when he is satisfied that such person is possessed and will continue to be possessed of ability to pay judgments obtained against such person.

(c) Upon not less than five days' notice and a hearing pursuant to such notice, the Commissioner may upon reasonable grounds cancel a certificate of self-insurance. Failure to pay any judgment within 30 days after such judgment shall have become final shall constitute a reasonable ground for the cancellation of a certificate of self-insurance.

(d) Notwithstanding any other provision of this section, any organized group of persons which has been in existence since January 1, 1970, may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the Commissioner upon proof satisfactory to the Commissioner that each of the following conditions are met:

(1) Members of the group operate five or more registered vehicles which are either owned or leased by them.

(2) Members of the group hold a common belief in mutual financial assistance in time of need to the extent that they share in financial

1 obligations of other members who would otherwise be unable to meet
2 their obligations.

3 (3) The group has met all of its insurance obligations for the five years
4 preceding its application.

5 (4) The group is financially solvent and not subject to any actions in
6 bankruptcy, trusteeship, receivership, or any other court proceeding in
7 which the group's financial solvency is in question.

8 (5) Neither the group nor any of its members has any judgments arising
9 out of the operation, maintenance, or use of a motor vehicle taken
10 against which have remained unsatisfied for more than 30 days after
11 becoming final.

12 (6) Each member has voluntarily forfeited all rights to any social security
13 payment or benefits under Titles II and XVIII of the Social Security
14 Act by submitting with the U.S. Department of the Treasury, Internal
15 Revenue Service, a Form 4029 and having that form duly approved.

16 (7) There are no other factors which cause the Commissioner to believe
17 that the group and its members are not of sufficient financial ability to
18 pay judgments against them.

19 The Commissioner may, in the Commissioner's discretion, upon the application of a
20 group, issue a certificate of self-insurance when the Commissioner is satisfied that the
21 group applicant is possessed and will continue to be possessed of an ability to pay any
22 judgments that might be rendered against the group. The certificate shall apply to the
23 owners and operators who are members of the group.

24 The Commissioner may, at any time after the issuance of a certificate of
25 self-insurance under this subsection, cancel the certificate by giving 30 days' written
26 notice of cancellation to the group whenever there is reason to believe that the group to
27 whom the certificate was issued is no longer qualified as a self-insurer under this
28 subsection."

29 **SECTION 2.** This act becomes effective July 1, 2005.