

September 11, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: House Bill 501 (Session Law 2017-137)
Amendment to N.C.G.S. 20-280
Revised Financial Responsibility Limits for Taxicabs

During the 2017 session of the General Assembly, the Legislature enacted House Bill 501, one of the provisions of which increased the financial responsibility limits for taxicabs for bodily injury and property damage coverages, effective October 1, 2017. The changes in House Bill 501 increased those financial responsibility limits from \$30,000/\$60,000 to \$100,000/\$300,000 for bodily injury and from \$25,000 to \$50,000 for property damage. In addition, the legislation eliminated trust funds and sinking funds as alternative means of complying with the financial responsibility requirements.

Section 2.5 of House Bill 501 amends subsection (b) of N.C.G.S. 20-280 as follows:

§ 20-280. Filing proof of financial responsibility with governing board of municipality or county

(b) As used in this section "proof of financial responsibility" shall mean a certificate of any insurance carrier duly authorized to do business in the State of North Carolina certifying that there is in effect a policy of liability insurance insuring the owner and operator of the taxicab business, his agents and employees while in the performance of their duties against loss from any liability imposed by law for damages including damages for care and loss of services because of bodily injury to or death of any person and injury to or destruction of property caused by accident and arising out of the ownership, use or operation of such taxicab or taxicabs, subject to limits (exclusive of interests and costs) with respect to each such motor vehicle as follows: ~~thirty thousand dollars (\$30,000)~~ one hundred thousand dollars (\$100,000) because of bodily injury to or death of one person in any one accident and, subject to said limit for one person, ~~sixty thousand dollars (\$60,000)~~ three hundred thousand dollars (\$300,000) because of bodily injury to or death of two or more persons in any one accident, and ~~twenty-five thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) because of injury to or destruction of property of others in any one accident.

The same section of House Bill 501 strikes subsection (c) of N.C.G.S. 20-280 in its entirety, which had addressed trust funds and sinking funds, and which had also provided for lower liability limits for taxicab operators with fifteen (15) or more taxis in operation.

As enacted, these changes to N.C.G.S. 20-280 become effective October 1, 2017. We are aware that questions have been raised regarding whether the changes to the financial responsibility limits for taxicabs apply (1) to all taxicab policies in effect on October 1, 2017 or (2) to taxicab policies becoming effective on and after October 1, 2017. We are not aware that any clarification of those questions has been made as of this date.

The descriptions in this circular of the statutory changes in House Bill 501 are not intended as legal advice. This information is provided for your information only.

Please see to it that this circular is brought to the attention of all interested personnel in your company.

If you have any questions concerning this matter, please contact your legal counsel.

Very truly yours,

Terry F. Collins

Chief Operating Officer

North Carolina Reinsurance Facility

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RF-17-10