North Carolina
DEPARTMENT OF INSURANCE

A CONSUMER'S GUIDE TO

AUTOMOBILE INSURANCE

Wayne Goodwin
Insurance Commissioner

Insurance is a complex issue, and it is the responsibility of the North Carolina Department of Insurance to keep consumers informed. This booklet will help explain the basic automobile insurance coverages, discuss factors that influence your rates, describe what is involved in settling your claim and answer some of the most frequently asked questions from consumers in North Carolina.

In addition to the information contained in this guide, we encourage you to take the time to read your personal automobile policy. This will allow you to become familiar with the specific language of your policy.

North Carolina Motor Vehicle Law requires that Automobile Liability coverage be continuously maintained. The minimum coverage requirements are $30,000 Bodily Injury for each person, $60,000 total Bodily Injury for all persons in an accident and $25,000 for Property Damage. Motor Vehicle Law also requires Uninsured/ Underinsured Motorists coverage. Auto insurance policies with the minimum Bodily Injury and Property Damage limits are required to include Uninsured Motorists coverage. Policies with limits greater than the minimum must provide combined Uninsured/ Underinsured Motorists coverage.

We are very proud of the services our department provides to the citizens of North Carolina. The North Carolina Department of Insurance makes consumer advocacy its highest priority. The Consumer Services Division will be happy to answer any questions you may have. Don't hesitate to contact this Division toll-free at 1-855-408-1212.

Sincerely,

Wayne Goodwin

TABLE OF CONTENTS

Basic Automobile Insurance Coverages 1

Chart of Primary Coverages 4

Miscellaneous Coverages 5

How Insurance Rates are Determined 6

North Carolina Safe Driver Incentive Plan 7

Insurance for High Risk Drivers 9

Insurance Tips 11

Losing Your Insurance 13

After an Accident 15

Frequently Asked Questions 17

Consumer Services 22

If you have questions, the Consumer Services Division of your North Carolina Department of Insurance is here to help.

Toll free: 1-855-408-1212 Fax: 919-733-0085 **www.ncdoi.com**

North Carolina Department of Insurance
1201 Mail Service Center
Raleigh, NC 27699-1201

You can find additional information as well as a downloadable copy of our Request for Assistance form on the **NCDOI Web site**.

GLOSSARY OF INSURANCE TERMS

ADJUSTER
A person licensed by the Department of Insurance whose job is to evaluate the amount of loss and to recommend the amount the insurance company will pay.

AGENT
A person licensed by the Department of Insurance to solicit and service insurance policies.

AT-FAULT
Negligent.

CLAIM
A request to an insurance company for payment of a loss.

COVERAGE
The amount of risk covered by an insurer.

DEDUCTIBLE
The portion of each covered claim you are responsible for paying.

ENDORSEMENT
An amendment to an insurance contract, creating a change in the original terms.

EXCLUSION
A provision in an insurance contract that removes coverage for certain losses or property.

EXPERIENCE PERIOD
The three years immediately preceding the date of application or the preparation of renewal.

FAMILY MEMBER
A person related to you by blood, marriage or adoption who is a resident of your household, including a ward or foster child.

INSURED
The person or persons covered by the insurance contract.

INSURER
The insurance company that is underwriting the contract of insurance.

LIABILITY INSURANCE
Provides protection for the insured against loss arising out of legal liability to third parties.

LIMITS
The maximum amount the insurance company will pay in the event of a loss.

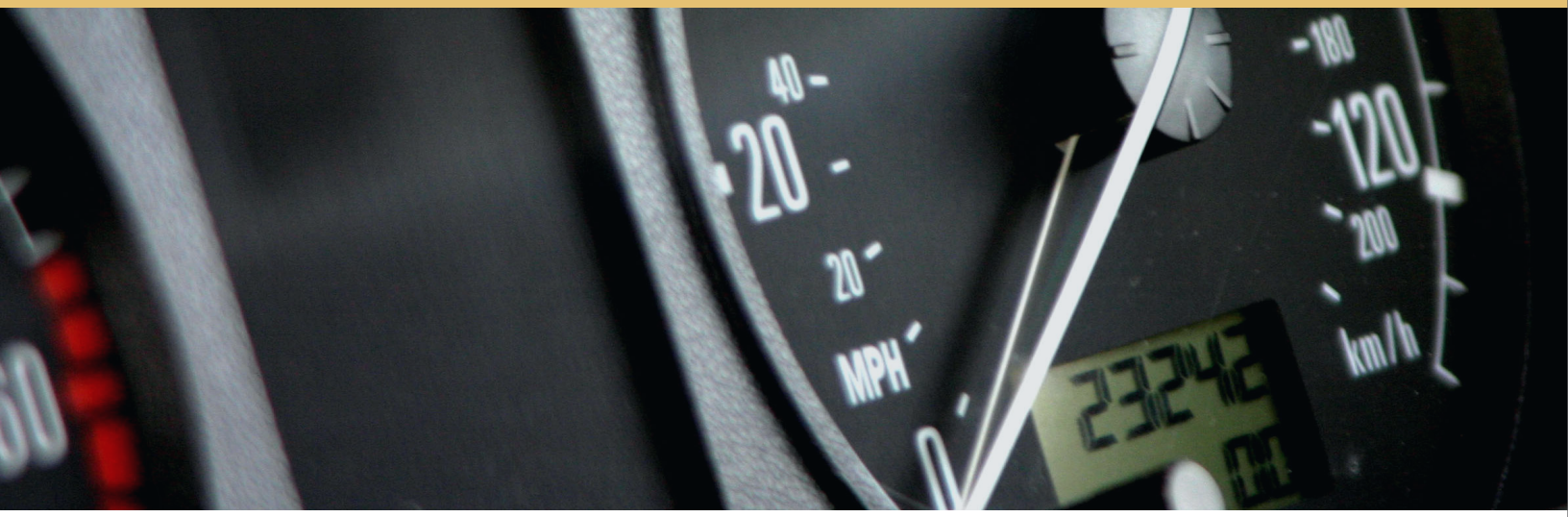
NEGLIGENCE
The failure to act as a reasonably prudent person would have acted under similar circumstances.

OCCUPYING
Means in; upon; getting in, on, or off.

PREMIUM
The amount paid in consideration for an insurance policy.

PREMIUM FINANCE COMPANY
A lending institution approved by the North Carolina Department of Insurance, which finances insurance premiums for a fee.

BASIC AUTO INSURANCE COVERAGES



Automobile insurance is used to protect you against expenses you may not otherwise be able to afford if you are involved in an automobile accident. The automobile policy is a combination of four individual types of coverages. Review your policy or contact your agent to identify the limitations and exclusions for the following coverages.

01 LIABILITY COVERAGE

(Required by N.C. law). Your Liability coverage will pay for bodily injury and property damage for which any covered individual becomes legally responsible. The Personal Automobile Policy will cover you or any family member while using any automobile or trailer, and any person using your covered automobile with permission. The policy will pay up to the limits listed in your policy.

Under this coverage you will have separate limits of liability per person injured and limits of liability per accident. This is called split limits. For example, you may have limits of 100/300/50. This would mean that your policy would pay up to a maximum of $100,000 to any one person injured by a covered driver or up to $300,000 for all injured parties combined, as a result of a single accident. Also, this coverage has a single limit of liability for all property damage resulting from any one accident. Using the above example of 100/300/50 limits, you will have a limit of $50,000 Property Damage Liability for each accident.

The liability section can be separated into three parts: Bodily Injury Liability, Property Damage Liability and Supplementary Payments.

- **Bodily Injury Liability**
  This coverage will pay for damages to other people as a result of an accident caused by you or another covered driver. Examples of damages include medical and funeral expenses, lost wages, disability, rehabilitation, pain and suffering, law suit settlements and legal expenses.
- **Property Damage Liability**
  This coverage will pay for damages to other people's property as a result of an accident that is caused by you or another covered driver. Examples of damages include the repair or actual cash value (ACV) of another individual's automobile or other property and legal expenses.

- **Supplementary Payments**
  This coverage is in addition to your stated limits of liability. (Review your policy or contact your agent to identify the limitations and exclusions for this coverage.) This section provides payment on accident related expenses involving:
  - Bail bonds;
  - Premiums on appeal bonds and bonds to release attachments;
  - Costs taxed against an insured and interest accruing after a judgment is entered;
  - Loss of earnings because of attendance at hearings or trials at the insurance company's request;
  - Expenses for emergency first aid to others at an accident involving a covered auto; and
  - Other reasonable expenses incurred at the insurance company's request.

02 COVERAGE FOR DAMAGE TO YOUR AUTOMOBILE

This coverage is for direct and accidental loss to your covered automobile, or any non-owned automobile that meets the following definition: any private passenger automobile or trailer not owned by or furnished or available for the regular use of you or any family member while in the custody of or being operated by you or any family member; any auto or trailer you do not own while being used as a temporary substitute for your covered auto because of its breakdown, repair, servicing, loss or destruction.

- **Collision**
  Collision means physical damage to your covered vehicle caused by an impact with another vehicle or object. This coverage pays the lesser of the cost of repair or ACV of your automobile.

- **Other Than Collision (Comprehensive)**
  This coverage pays the cost of repair or ACV of your automobile less any deductible. Losses caused by the following are considered comprehensive claims:
  - Missiles or falling objects;
  - Fire;
  - Theft or larceny;
  - Explosion or earthquake;
  - Windstorm;
  - Hail, water or flood;
  - Malicious mischief or vandalism;
  - Riot or civil commotion;
  - Contact with a bird or animal; or
  - Breakage of glass.

03 MEDICAL PAYMENTS COVERAGE

This coverage pays for reasonable and necessary medical and funeral expenses due to an automobile accident. Individuals covered under this coverage include:

- You or any family member while occupying any automobile, or as a pedestrian when struck by a motor vehicle; or
- Any other person while occupying your covered automobile or any vehicle (private passenger automobile or trailer licensed for road use) driven by you or a family member.
- The policy will pay up to the limits listed in your policy for each individual injured.
- The Medical Payments coverage will not provide coverage for any expenses if the injuries occur while occupying a motorized vehicle with less than four wheels.

04 UNINSURED/UNDERINSURED MOTORISTS (UM/UIM) COVERAGE

Uninsured Motorists (UM) Coverage will provide protection when an uninsured driver, who is at-fault, injures you or another covered individual. It also provides property damage coverage.

Underinsured Motorists (UIM) Coverage will provide protection when an underinsured driver, who is at-fault, causes injury to a covered individual. An underinsured driver is one whose limits of liability are less than your UIM limits, and not enough to cover the losses of the people the underinsured driver injures in an at-fault accident.

UIM coverage does not provide protection against property damage. The UIM coverage will pay a maximum of the difference between the other driver's Liability limits and your UIM limits.

Caution: The insurance company will not provide coverage if you or your legal representative settles the bodily injury or property damage without the company's written consent.

	WHAT IT PAYS FOR	WHO (OR WHAT) IS COVERED	IS IT REQUIRED
LIABILITY	Bodily injury and property damage for which a covered driver becomes legally liable	You and your family, or anyone driving your covered automobile with permission	Yes; state law requires minimum limits
COLLISION	Damage to your covered automobile	Your covered automobile or non-owned automobile	No; May be required by lender
COMPREHENSIVE	Damage to your covered automobile, caused by: missiles or falling objects, fire, theft or larceny, explosion or earthquake, windstorm, hail, water or flood, malicious mischief or civil commotion, contact with a bird or animal or breakage of glass	Your covered automobile or non-owned automobile	No; May be required by lender
MEDICAL PAYMENT	Necessary and reasonable medical and funeral services	You and your family, or anyone occupying your covered automobile	No
UNINSURED / UNDERINSURED MOTORIST	Uninsured Motorist Coverage: Bodily injury and property damage. Underinsured Motorist Coverage: Bodily injury only.	You and your family, or anyone occupying your covered automobile	Yes; auto insurance policies with the minimum Bodily Injury and Property Damage limits are required to include Uninsured Motorists coverage. Policies with limits greater than the minimum must provide combined Uninsured/ Underinsured Motorists coverage.

MISCELLANEOUS AUTOMOBILE COVERAGES

These coverages may be purchased in addition to your basic automobile coverages. You will be charged an additional premium for electing the following coverages. (Review your policy or contact your agent to identify any applicable limitations and exclusions.)

- **Automobile Death Indemnity, Specific Disability and Total Disability Benefits Coverage**
  This endorsement will provide a benefit for death, dismemberment, specific disability and total disability resulting from an automobile accident.

- **Miscellaneous Type Vehicle Endorsement**
  Motorcycles, golf carts, travel trailers and other similar type vehicles are afforded coverage by this endorsement. If your covered vehicle is a motorcycle, the endorsement will extend the medical payments coverage to motor vehicles with fewer than four wheels.

- **Coverage for Rented Vehicles**
  This endorsement provides coverage for you or a family member who rents a rental vehicle on a daily basis for less than 22 consecutive days.

- **Coverage for Damage to Your Auto (Customizing Equipment Coverage; Coverage for Audio, Visual, and Data Electronic Equipment)**
  Through this endorsement, the limits of liability are increased for custom furnishings and custom equipment, and for additional permanently installed electronic accessories.

- **Towing and Labor Costs Coverage**
  This coverage pays for towing and labor costs each time your covered automobile or any non-owned automobile is disabled or the keys are lost, broken or accidentally locked in the car.

- **Extended Transportation Expenses Coverage (Rental Reimbursement)**
  This coverage will pay, up to a specified rate and maximum total amount, transportation expenses incurred by you or loss of use expenses for a non-owned vehicle for which you become legally responsible.

HOW INSURANCE RATES ARE DETERMINED

Underwriting is the process by which an insurance company considers your application and evaluates your driving record and other factors to see if you meet its guidelines. Insurance companies use a variety of factors to determine the level of risk each applicant presents. Each company will use its own underwriting guidelines to decide whether or not to insure a driver voluntarily. Some of the most common factors are: your driving record, where you live, type of automobile and use of automobile.

YOUR DRIVING RECORD

Your driving record will have the largest impact on your insurance premium. North Carolina insurance points are charged for at-fault accidents and convictions for moving violations that occur within the experience period (see chart on page 8). The experience period is the three years immediately preceding the date of application or the preparation of the policy renewal.

WHERE YOU LIVE

The area you live in will also affect your rate. Insurers will consider vehicle and population density, road conditions, repair rates, hospital and medical costs, and the number of accidents and other claims in a particular area. Normally, urban areas have higher rates than rural areas.

TYPE OF AUTOMOBILE

The likelihood of theft, cost of repair and replacement, and the style of vehicle (sports car, SUV, station wagon, etc.) will influence your premium. For example, a sports car will normally have a higher premium than a family sedan.

USE OF AUTOMOBILE

The more you use your vehicle the more you may pay in premium. A vehicle you drive 20 miles to work everyday is considered a greater risk than a vehicle only used occasionally.

SAFE DRIVER INCENTIVE PLAN

Driving safely saves lives and money. The North Carolina Safe Driver Incentive Plan (SDIP) was created by state law to give drivers a financial incentive to practice safe driving habits. SDIP points are charged as follows for convictions and at-fault accidents occurring during the Experience Period (the three-year period preceding either the date an individual applies for coverage or the insurance company prepares to renew an existing policy). (NCGS 58-36-65 and 58-36-75)

SDIP POINTS	CONVICTIONS AND AT-FAULT ACCIDENTS POINTS	% OF RATE INCREASE
1	All other moving violations. Speeding 10 mph or less over a speed limit under 55 mph. At-fault accident resulting in bodily injury (to all persons) of $1,800 or less; OR accidents that occur prior to March 1, 2016 resulting in total property damage to all property (including damage to insured's own property) of $1,800 or less; Accidents that occur on or after March 1, 2016, resulting in total property damage (including the insured's own) of $1,850 or less. No Insurance Points will apply for bodily injury if medical costs were incurred solely for diagnostic purposes.	30%
2	Illegal Passing. Following too closely. Driving on wrong side of road. At-fault accident that occurs prior to March 1, 2016, resulting in total property damage (including damage to insured's own property) over $1,800 but under $3,000. Accidents that occur on or after March 1, 2016, resulting in total property damage (including damage to insured's own property) over $1,850 but under $3,085. Speeding more than 10 mph over the speed limit at a total speed of more than 55 mph and less than 76 mph. Speeding 10 mph or less over the speed limit in a speed zone of 55 mph or higher.	45%
3	At-fault accident resulting in death or total bodily injury (to all persons) of more than $1,800; OR accidents that occur prior to March 1, 2016, resulting in total damage to all property (including damage to insured's own property) of $3,000 or more. Accidents that occur on or after March 1, 2016, that result in total damage to all property, (including the insured's own), of $3085 or more. No Insurance Points will apply for bodily injury if the medical costs were incurred solely for diagnostic purposes.	60%
4	Reckless driving. Hit-and-run resulting in property damage only. Passing a stopped school bus. Speeding in excess of 75 mph when the speed limit is less than 70 mph. Speeding in excess of 80 mph when the speed limit is 70 mph or higher. Driving by a person less than age 21 after consuming alcohol or drugs.	80%
8	Driving during revocation or suspension of license or registration. Aggressive driving.	195%
10	Highway racing or knowingly lending a motor vehicle for highway racing. Speeding to elude arrest.	260%
12	Manslaughter or negligent homicide. Prearranged highway racing or knowingly lending a motor vehicle for prearranged highway racing. Hit-and-run resulting in bodily injury or death. Driving with a blood-alcohol level of .08 or more. Driving commercial vehicle with a blood-alcohol level of .04 or more. Driving while impaired. Transporting illegal intoxicating liquor for sale.	340%

SPECIAL EXEMPTIONS – NO SDIP POINTS WILL BE CHARGED FOR:

An accident provided all of the following are true:

- There is property damage only;
- The amount of damage is $1,800 or less;
- There is no conviction for a moving violation in connection with the accident; and
- No licensed operators in the household have convictions or at-fault accidents during the experience period. (An insurance company may require that the insured be covered by that company for six continuous months.)

Speeding 10 mph or less over the posted speed limit; provided all of the following are true:

- The violation did not occur in a school zone; and
- There is not another moving traffic violation for the experience period (an isolated Prayer for Judgement Continued [PJC] will not count as a prior conviction for the purpose of this exception).

One PJC for each household every three years; however:

- A second PJC may cause points to be charged according to the underlying convictions.

You will no longer meet the requirements for a special exemption if you or any member of the household receive a conviction or a second at-fault accident.

INSURANCE FOR HIGH RISK DRIVERS

When an insurance company considers you a high-risk driver, it will be harder to obtain insurance, especially at better rates. Usually drivers are considered a high risk because of convictions for moving traffic violations or accidents, reckless or drunk driving history or being an inexperienced operator.

INEXPERIENCED OPERATORS

An inexperienced operator is a licensed driver who has less than three years driving experience. Adding an inexperienced operator will cause a significant increase in your premium.

The following chart gives examples of some basic rates for inexperienced operators in the same area. The chart includes no insurance points for drivers in the household. Also, this chart does not take into account discounts and deviations individual insurance companies may apply to the final rate.

The coverages considered in the chart are:

- Property Damage and Bodily Injury Liability;
- Uninsured and Combined Uninsured /Underinsured Motorist Coverage with the same limits as the Liability Coverage Limits and;
- Medical Payments Coverage with limits of $1,000.

TYPE OF POLICY	EXPERIENCE	30/60/25 LIMITS	100/300/50 LIMITS	250/500/50 LIMITS
SINGLE CAR POLICY	0 – 1 year	$964	$1,159	$1,285
	1 – 2 years	$629	$764	$853
	2 – 3 years	$542	$660	$740
	more than 3 years	$243	$307	$352

Rates are determined with one licensed driver on the policy.

It may be difficult for a high-risk driver to obtain Collision, Comprehensive and other coverages that are not offered through the reinsurance facility. The most common method is through a company that writes non-standard business.

Your company may ask you to sign a "consent to rate" form. This would mean that you agree to pay rates higher than what has been filed with the North Carolina Department of Insurance in order for the company to write the coverage.

REINSURANCE FACILITY

Since the financial responsibility laws require individuals to be covered for Bodily Injury Liability and Property Damage Liability up to the minimum limits, insurance companies cannot refuse to write those coverages. If they do not want to bear the risk, insurance companies will place high-risk drivers in the reinsurance facility. The purpose of the facility is to assure the availability of motor vehicle liability insurance to all eligible risks. The types of coverage offered are:

- Bodily Injury Liability from the minimum limits required to a maximum of $100,000 each person, $300,000 each accident;
- Property Damage Liability from the minimum limits required to a maximum of $50,000 each accident;
- Medical Payments Coverage from $1,000 to a maximum of $2,000 each person; (This coverage is not available for motorcycles.)
- Underinsured Motorist Coverage to a maximum $1,000,000 each person and each accident for Bodily Injury Liability; and
- Uninsured Motorist Coverage from the minimum limits required of Bodily Injury Liability and Property Damage Liability to a maximum of $1,000,000 each person and each accident for Bodily Injury Liability, and $50,000 for property damage (with a $100 deductible).

AUTOMOBILE INSURANCE TIPS

EXAMPLES OF DISCOUNTS, DEVIATIONS AND CREDITS

You may want to ask your agent or company if you are eligible for any discounts. Following are some examples of discounts being offered:

- You agree to an Electronic Funds Transfer.
- You are renewing your policy and did not have a loss or conviction during the last policy period.
- You are considered a mature driver (normally age 55, but ages for eligibility can vary by company).

INCREASE DEDUCTIBLES

Another way you can lower your premium is by increasing your deductibles. You can choose the deductibles on your comprehensive and collision coverages. In doing this you will want to consider how much of a loss you can afford to absorb if you have a claim.

SHOP AROUND (COMPARISON SHOPPING)

Shop around, you may find substantial differences between quotes. Make sure you are comparing identical coverages when comparing companies. Make sure you are dealing with licensed agents and companies. You can check this by contacting the North Carolina Department of Insurance at 1-855-408-1212.

CREDIT BASED INSURANCE SCORING

Most insurers use the information in your credit report to calculate a credit based insurance score. They do this because studies show a correlation between this score and the likelihood of filing a claim. Credit-based insurance scores are different from other credit scores.

PAYING YOUR PREMIUM

Pay your premium in full. Also, pay on or before the due date to avoid the risk of cancellation. There is NO GRACE PERIOD for automobile insurance. Use a check or money order. If you use cash, request a receipt, and keep it in a safe place.

Pay your premiums even if you disagree with your insurance company. Failure to make premium payments may cause cancellation of your policy.

Some consumers choose to finance their premium, often by using a premium finance company. When dealing with a premium finance company you should note the following.

- You are entering into a separate agreement with the finance company. Your insurance company is not lending you the money.
- The finance charges and fees associated with the loan will increase your total cost of insurance.

- The finance agreement must be in writing, dated and signed by you. Before the first due date of the first installment, the finance company must deliver a copy of the agreement to you or mail to your address as shown on the agreement.
- You should ask your agent for an explanation of the charges and fees associated with the agreement.

BEFORE YOU BUY A CAR

Before you buy your car ask about the cost of insurance. Some makes and models are higher risks than others and could result in a higher premium. With a few models, you may have trouble finding companies willing to provide Other Than Collision (Comprehensive) and Collision coverages.

DRIVING RECORD

Try to maintain a clean driving record. A key element in determining your rates is your driving record. Remember that insurance points will remain on your record for three years.

PARENTS OF TEENAGERS

If your child does not own a car, make sure the insurer knows which car the teen will be driving and whether it will be primary or occasional use. For additional information on teen drivers, please refer to our Teen Drivers brochure found on our web site.

COVERAGES

If you have an older model vehicle and it is not financed, the benefit from the purchase of Comprehensive and Collision coverages might not be worth the cost.

READ YOUR POLICY

Read your policy and make sure it lists all vehicles owned by you, along witih the coverages you have requested.

INSURANCE IDENTIFICATION CARDS

Make sure you have an insurance identification card. This will provide the necessary insurance information required from you at the time of an accident.

LOSING YOUR INSURANCE

Insurance companies have the right to terminate your coverage; however, they must follow the guidelines listed in your policy to do so. The three ways your policy can be terminated are cancellation, nonrenewal and automatic termination.

01 CANCELLATION

Cancellation is when your policy is terminated during the policy period. You may cancel your policy by returning the policy to the company or agent or giving the company advance written notice of the date you wish to cancel the policy.

- **Liability, Medical Payments and Uninsured Motorists or Combined Uninsured/Underinsured Motorists Coverages**

  Your company may cancel your Liability, Medical Payments and Uninsured Motorists or Combined Uninsured/Underinsured Motorists coverages by mailing to your last known address:
  - Notification at least 15 days in advance, if cancellation is for non-payment of premium; or
  - Notification at least 60 days in advance, for all other cases.

  There are certain reasons your company may cancel your Liability, Medical Payments, and Uninsured Motorist or Combined Uninsured/Underinsured Motorist coverages:
  - Non-payment of premium;
  - You are no longer a resident of North Carolina and are not eligible for a policy through the reinsurance facility.
  - The insurance company terminates its contract with your insurance agent;
  - Your premium finance company cancels the policy according to the finance contract;
  - If you knowingly make a material misrepresentation of the years of driving experience;
  - If you knowingly make a material misrepresentation of the driving record of you or any other driver who lives with you and customarily uses your covered automobile.

- **Collision, Other Than Collision(Comprehensive), and Coverages Other Than Those Previously Listed**

  Your insurance company may cancel any coverage other than your Liability, Medical Payments and Uninsured Motorists or Combined Uninsured/Underinsured Motorists by mailing notification (to your last known address) at least 10 days in advance.

Insurance companies review many different factors to determine whether the policy continues to meet their underwriting criteria. Some factors that may lead to cancellation or nonrenewal are:

- Non-payment of premium. Remember there is NO GRACE PERIOD for automobile insurance;
- Excessive claims or accidents;
- Traffic violations;
- And no longer meeting company guidelines (Examples include adding a sports car or adding an inexperienced operator).

02 NONRENEWAL

Nonrenewal denotes your company's refusal to renew your policy. An insurance company can nonrenew your Liability, Medical Payments and Uninsured Motorist or Combined Uninsured/Underinsured Motorist coverages by mailing notification to your last known address at least 60 days before the end of the policy period. Any other coverage may be nonrenewed by mailing notification to you at least 10 days before the end of the policy period.

03 AUTOMATIC TERMINATION

If the insurance company offers to renew or continue your coverage and you do not accept, the policy will automatically terminate at the end of the current policy period. Failure to pay the required premium to renew or continue your policy will mean you do not accept the offer.

If you purchase other insurance on your covered automobile, any similar insurance provided by the initial policy will terminate. The termination will occur on the effective date of the other insurance.

REFUNDS | There are two ways of calculating your refund after cancellation, pro-rata cancellation and short rate cancellation.

- Pro-Rata Cancellation is used when the company cancels your policy. It will generate your refund, without any penalty, for canceling during the policy period.
- Short Rate Cancellation may be used when the policy is cancelled by you or by a premium finance company. It will generate your refund minus a penalty for canceling during the policy period. The penalty amount varies according to the total premium and the amount of time left in the policy period.

AFTER AN ACCIDENT

ACCIDENT CHECKLIST

- ☑ **Stop your car in a safe place.**
- ☑ **Move your car, if needed, to protect against further damage and keep from blocking traffic.**
- ☑ **Call the police, especially when there are injuries or hit and run accidents.**
- ☑ **Get the other driver's name, address, phone number, license plate number, driver's license number and insurance information.**
- ☑ **Record the name of the insurance company and policy number exactly as it appears on the other driver's proof of insurance card.**
- ☑ **Get the names of any witnesses as well as their address and telephone number.**
- ☑ **Don't agree to forget about the accident. You may have hidden damages, unknown injuries or later find that a lawsuit has been filed against you.**
- ☑ **Call your agent if you have any questions or concerns with the claims process. Your agent could be of assistance when filling out forms and documents required to proceed with your claim.**

WHO DO I CALL TO FILE A CLAIM?

Contact your agent or insurance company. If another individual is responsible for your damages, you need to contact their insurance agent or company as well. The adjuster you are assigned will inform you of any additional steps needed.

HOW WILL A COMPANY DETERMINE WHO IS AT-FAULT?

The insurance adjuster investigating the accident will attempt to determine who is negligent or at-fault. North Carolina Contributory Negligence Law bars a driver from collecting damages if determined to be partially at fault. In essence, if you contribute to an accident, you may not be able to collect on a liability claim. Any disagreement over negligence may ultimately have to be resolved in a court of law.

IF YOUR CAR CAN BE REPAIRED

Repairs to a vehicle may be necessary as a result from a claim on your own policy as a "first party claimant" or from your claim on someone else's liability policy as a "third party claimant" for damages for which the person covered by the policy becomes legally responsible. In either circumstance, the insurance company is responsible for the costs to repair your vehicle. The insurance company may recommend a repair shop; however, you have the right to select the repair shop of your choosing. The amount determined by the insurer to be payable under the policy, will be paid regardless of whether or not you use the recommended repair service. No insurance company shall require the use of after-market parts unless the part is equal to the original part in terms of fit, quality, performance and warranty. Any modifications made necessary because of the use of after-market parts shall be included in the estimates.

If you, as the first party claimant, disagree with the amount of the loss, your policy contains an "Appraisal Provision", where you and your insurance company select a competent appraiser and the two appraisers will select an umpire. The appraisers will state separately the Actual Cash Value and the amount of the loss. If they do not agree, they will submit their differences to the umpire. A decision by any two will be binding. You and the insurance company will each pay their chosen appraiser and bear the expenses of the appraisal and umpire equally.

If you, as the third party claimant, disagree with the amount of the loss, you have a couple of options. You can file a claim on your own comprehensive and collision coverage if your policy includes that and let your company "subrogate" or recover the payment from the liable company, or you can work with the appraiser from the company to review the estimates and work to come to an agreement. However, if a disagreement persists, it may ultimately have to be resolved in a court of law. It is always a good idea to discuss your options with your attorney.

IF YOUR CAR MUST BE TOTALED

If a motor vehicle is damaged, to the extent that the total cost of repair is equal to or exceeds 75 percent of the pre-accident actual cash value (ACV), the insurer shall consider the vehicle a total loss.

When your car is totaled, the insurance company is responsible for its ACV. ACV represents the local market value of the totaled vehicle.

There are two methods to determine local market value:

- By using the local market price of a comparable vehicle; or
- If no comparable vehicle can be located, dollar estimates from at least two qualified dealers within the local market area are normally used.

IF YOU ARE INJURED

Medical Payments coverage, if purchased, may provide some assistance for your doctor and hospital bills, regardless of fault.

Bodily injury claims can include doctor and hospital bills, laboratory fees, lost wages and pain and suffering that are a direct result of the accident.

The General Statutes of North Carolina establish no guidelines pertaining to the determination or calculation of any amount owed to you for pain and suffering. Therefore, if you and the insurance company cannot agree on the value of your claim you may wish to seek legal advice.

FREQUENTLY ASKED QUESTIONS

AUTOMOBILE INSURANCE BASICS

- **What happens if I have a lapse of liability insurance?**
  Whenever your liability coverage is cancelled or nonrenewed, your insurance company is required to notify the North Carolina Division of Motor Vehicles (DMV). The DMV is required to notify you when they receive the notification. If there is a penalty, the DMV will advise you of such and what action, if any, that you need to take.

- **Will my policy provide the required liability coverage when traveling to other states?**
  Yes, your policy will automatically meet the minimum requirements of other states in which you are traveling.

- **What about driving in Canada and Mexico?**
  Your policy will cover you and meet the requirements of Canada. Your policy WILL NOT cover you in Mexico. In the border states, you can purchase Mexican liability policies from agents who specialize in it.

- **Are family members covered by my policy?**
  Yes, family members are insured under your policy. Family member is defined in your policy as a person related to you by blood, marriage or adoption who is a resident of your household. This includes a ward or foster child. Please note these family members should be listed as drivers under your policy.

- **Do I need to purchase coverage when I rent a car?**
  Under certain conditions your automobile policy may provide coverage while using a rental vehicle. However, contact your agent for specifics.

- **Is flood damage covered?**
  Yes, if you have purchased Other Than Collision (Comprehensive) coverage.

- **Are cell phones and stereo equipment covered?**
  Stereo equipment, cell phones, televisions, scanners and other media may be covered under certain conditions. You should check with your agent to make sure you are properly covered.

- **When I buy an additional car or replace a car, is the new car covered automatically?**
  Yes, as long as you notify the insurance company within 30 days after acquiring a new vehicle. Additional vehicles will have the broadest coverage of any vehicle listed on your policy. Replacement vehicles will have the same coverage as the vehicle it replaced. If you do not notify the company within 30 days, there will be no automatic coverage.

- **What happens if I drop coverage on a financed vehicle?**
  First, it is a violation of your finance contract and may put your loan in jeopardy. Second, the lender could place single interest coverage on the vehicle and add the premium to the loan. The coverage is expensive and does not provide any coverage for you.

- **What if I buy a motorcycle?**
  The automobile policy, if not amended, does not provide any coverage. You can endorse your policy so that it will extend the coverages to your motorcycle and/or you may purchase a separate motorcycle policy.

- **Does my liability insurance cover me for liability while I am using my vehicle in service of a Transportation Network Company (TNC) such as Uber and Lyft?**
  No, the automobile policy contract does not cover for liability arising out of the ownership or operation of a vehicle while it is being used as a public livery or conveyance. This includes but is not limited to any period of time that insured is logged into a TNC as a driver, whether or not a passenger is occupying the vehicle.

INSURANCE FOR YOUNG DRIVERS

- **I'm going to college in another state, and my car is still registered in North Carolina. Will my (or my parents') North Carolina policy cover me?**
  Yes, coverage would still apply. Your premium may be adjusted because of where the vehicle is now located.

- **My daughter is going away to college. Can my company force me to keep her on the policy if I want to remove her?**
  Yes, your company still must cover her as long as her permanent residence is your home. Even if she doesn't have a vehicle with her, your policy covers her for liability when she may borrow a vehicle at school and when at home on visits.

- **I'm enlisting in the military. Does my policy still cover me if I'm stationed in another state?**
  Your policy will automatically meet the other state's liability requirement. When it is time to renew your policy you may be required to purchase insurance in the state where you are stationed.

- **My son has received his driver's license. Do I have to add him to my policy if he drops his own insurance policy?**
  Yes, as long as he is a resident of your household. However, you must notify your agent or company. Failure to do so could jeopardize your coverage.

- **My 19-year-old son no longer lives with me. What can I do to remove him from my policy if the company wants to keep him on my policy?**
  Showing proof of insurance with another company can help you remove him. Also, show the company any documents that will help prove that a change of address has taken place. Examples of these documents can include lease agreements, utility billings or receipts, and a current driver's license.

- **Does my child have to be rated on the most expensive vehicle?**
  No, the rates should apply to the vehicle your child principally operates. If the child is an occasional operator, the rates would apply to the vehicle your child most frequently operates.

HOW RATES ARE DETERMINED

- **Why does my insurance cost more than my agent said it would?**

  A quote is an estimate of your premium. It does not offer a firm price or contract. If your agent misquoted the premium, your company must correct it by billing you for the correct premium or refunding the overpaid amount. Being accurate with your driving information is the best way to assure correct premium charges.

- **Why is it harder to get insurance if drivers in my household have bad driving records?**

  When the individuals residing in your house have bad driving records, the company knows it has an increased risk. Your company will consider that risk when underwriting the policy. According to the Liability Coverage section of your policy, any family member is considered an insured. Anyone driving your covered vehicle with permission is also covered by your policy.

LOSING YOUR INSURANCE

- **Does an insurance company have to tell me why it cancelled my insurance policy?**

  Yes, a company must give the reason(s) why your policy was cancelled and the date termination is effective.

- **Can a company refuse to renew my policy because of claims that were not my fault?**

  Your company can nonrenew your Other Than Collision (Comprehensive) and Collision coverages if you do not meet its underwriting criteria, as long as the company gives proper notification. Many companies will use frequency of claims, taking into account at-fault as well as fault-free claims, as one of their criteria.

- **My company renewed my policy with another company in the same group. Can they do that?**

  Yes, if it gives you proper notification that your original policy will be nonrenewed.

- **Why didn't I get a notice that my insurance policy was cancelled?**

  When canceling your Liability, Medical Payments and Uninsured Motorist or Uninsured/Underinsured Motorist Coverages for non-payment of premium, your company must mail a notice to your last known address at least 15 days in advance. Sixty days notice is required for all other reasons.

  The insurance company is responsible for showing proof that the notice of cancellation was mailed, not proof that you did or did not receive it.

  If canceling any coverage other than Liability, Medical Payments and Uninsured Motorists or Uninsured/Underinsured Motorists, your company must mail a notice to your last known address at least 10 days in advance.

AFTER AN ACCIDENT

- **What does my policy require me to do after an accident?**

  Notify the insurance company of how, when and where the accident or loss happened. Include the names and addresses of anyone who is injured and any witnesses. Cooperate with the investigation. Obtain or authorize the insurance company to obtain appropriate documents, medical information and other pertinent records.

- **When should I notify my insurance company?**

  As soon as reasonably possible, while the details are still fresh in your mind.

- **If my only coverage is liability insurance, does my policy cover my medical and car repair bills?**

  No, liability insurance only pays for other people's injuries and property damage for which an insured driver becomes legally responsible.

- **What if the other driver's insurance isn't enough to pay my bills?**

  Medical – Your Underinsured Motorists (UIM) coverage will provide protection for the difference between the other driver's Liability Coverage and the limits under your UIM coverage. You may find additional coverage under the Medical Payments coverage portion of your policy. Check with your agent and review your policy to make sure you are adequately covered.

  Property Damage – The difference can be covered by your Collision coverage. Again, check with your agent and review your policy to make sure you are adequately covered.

- **The insurance company wants to total my car; I want to fix it. What can I do?**

  You have the right to keep the salvage vehicle. When you do, the insurance company will deduct the salvage value from the actual cash value. If requested, the insurance company must furnish you with the name and address of a salvage dealer who will purchase the salvage for the amount deducted.

- **What if the insurance company and I cannot agree on the amount to be paid by my collision or other than collision (Comprehensive) coverage?**

  You can elect to use the appraisal provision of your policy. According to the provision, you and the insurance company will each choose a competent appraiser. The two appraisers will then select an umpire. The appraisers will state separately the ACV and the amount of loss. If they do not agree, they will submit their differences to the umpire. A decision by any two will be binding.

  The insurance company and the insured will pay its chosen appraiser and bear the expenses of the appraisal and umpire equally.

- **How can my loan balance be more than my insurance company says my car is worth?**

  This can occur for many reasons including low down payments, high interest rates and poor maintenance. You may be able to purchase a type of coverage called Guaranteed Automobile Protection (GAP). GAP coverage covers the difference between ACV and your loan balance. This is typically only available for new vehicles. Otherwise, you can be held responsible for the difference.

- **Can an insurance company tell me where to get my car fixed?**

  No. An insurance company cannot require you to go to a particular repair shop.

- **I don't want to file a claim against my company because it might raise my rates or refuse to renew my policy, but I'm getting nowhere with the other driver's insurer. Any advice?**
  An insurance company cannot charge insurance points for an accident that was not your fault. Your agent can give you advice about your company's underwriting and how the claim may affect your policy.

- **If I am in an accident and someone else is at-fault, do I get a rental car while mine is being fixed?**
  It is common practice for insurance companies to allow a rental vehicle while your car is being repaired. However, there are no statutes or administrative codes that require an insurance company to offer a rental vehicle.

- **Can the other driver's insurance company delay paying for my car repairs to pressure me into signing a release on my injury claim?**
  No. If this situation were to arise, you can file a Request for Assistance form with the North Carolina Department of Insurance.

- **How long can a company take to pay my claim?**
  After receiving a claim an insurance company has 30 days to acknowledge the claim. The acknowledgment shall be one of the following, make an offer of settlement, deny the claim, make payment of the claim, or advise the claimant that the investigation of the claim is ongoing. Loss and claim payments should be mailed or delivered within 10 business days after the claim is settled.

- **Is the company required to give me an explanation of why it denied my claim?**
  Yes. The insurance company must provide a reasonable explanation of why your claim was denied in relation to the policy language or applicable law.

SERVICES PROVIDED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE

Education on your insurance policy.

Provide case management of your complaint: Review your circumstances and require the insurance company to take corrective action if the company's position does not comply with applicable requirements.

Department staff will assist you with your complaint if you are covered under the State Health Plan or a self-funded employer plan; however, the Department does not regulate these entities.

Recommend other courses of action that you can take if we don't have the regulatory authority to resolve the issue. We cannot make legal determinations or act as your legal representation. In fact, if you are represented by an attorney, we cannot intervene on your behalf unless we have your attorney's permission.

The Department of Insurance does not make determinations as to who was negligent or at fault in an accident. In addition, we cannot determine the value of a claim or the amount of money due to you or to establish what the facts are in a disagreement between you and your insurance company or any other party.

NOTE: This brochure is provided only for general informational purposes and should not be utilized as or construed to be a statement of the Department's position on questions of statutory and regulatory interpretation. With regards to matters of interpretation, please refer to the actual statutes and regulations and consult with your own attorney.