

A bill, recently introduced in the NC House of Representatives by Representative George Cleveland, referred to as house bill 602, proposes to confiscate uninsured vehicles operating on NC highways. Cleveland is frustrated with the number of uninsured drivers on our highways and wants to step up the costs of noncompliance to get drivers' attention. If passed into law, then these rules would take effect December 1 2013.

In NC car owners cannot renew their license plates without first proving insurance is in place on the car associated with that tag. However, once past this hurdle, some insurance policies are later cancelled while the driver continues to operate that vehicle on the highways. The NC State Highway Patrol issued 24,436 citations last year to drivers without insurance. Some estimates put the number of uninsured drivers on our highways as high as 15% of the total of all vehicles on the road.

As an aside, when I first became an insurance agent in the early 1980's, uninsured motorists insurance coverage cost the average driver about \$3 per year per car. Now, that number has skyrocketed to nearly \$150 per vehicle. Part of this explosive increase in costs has been related to the introduction in the mid 1980's of underinsured motorists coverage, but there is no doubt that the costs of uninsured drivers in our state is something that everyone who buys insurance here has to bear.

The bill says that the confiscated vehicle will be placed under the possession of the sheriff of the county in which the violation occurred. The bill says that the sheriff shall restore a motor vehicle to the owner, only after proof of insurance is obtained. Also, the owner must pay the costs actually incurred by the sheriff for towing, processing, and storing the vehicle. There is no mention of limitations on these fees and expenses so we could see widely differing costs for uninsured motorists from county to county.

One other area of the bill addresses the rights of the lienholder for a car that has been confiscated. Section 3 indicates that the lienholder may petition the court to reclaim the vehicle for sale to satisfy the lien. The allowance of this reclamation is up to the discretion of the court however and if the vehicle is returned to the bank or other lienholder then the lienholder has to return any proceeds of the sale above the balance on the loan to the state.

While to some, this remedy may seem a bit harsh, there are some additional provisions in the

bill to soften the blow. There are exceptions that can be made for technical errors that may have led to a lapse in insurance coverage. Also, there is a grace period that allows the driver to obtain insurance in order to avoid the vehicle being sold by the state. I think it is clear that the state of North Carolina would rather not get into the used car sales business so they will hope that most people will purchase insurance right away to get their car out of the impound lot.

There is no doubt in my mind though, that if the bill does successfully force more uninsured drivers to purchase insurance on their vehicles, then over time that will put downward pressure on uninsured motorists insurance rates and at least some money will be returned to the insurance consumers in our state that follow the law and buy insurance on their cars.