



MIKE CAUSEY
INSURANCE COMMISSIONER

MEMORANDUM

To: All Insurers and Insurer Representatives Handling Motor Vehicle Repair claims made under private passenger automobile policies

From: Mike Causey, Insurance Commissioner

Date: November 20, 2024

RE: Disclosures which insurers and insurer representatives handling claims for damages to a motor vehicle are required to make to the claimant pursuant to N.C.G.S. § 58-3-180(b1) whenever recommending the use of a particular repair service or source

N.C.G.S. § 58-3-180(a) requires that “A policy covering damage to a motor vehicle *shall allow* the claimant to select the repair service or source for the repair of the damage.” (Emphasis added).

N.C.G.S. § 58-3-180(b1) does allow insurers and insurer representatives to recommend the use of a particular motor vehicle repair service to repair damage to a covered motor vehicle. However, in order to protect the claimant’s right to select the repair service or source for the repair of the damage to his or her motor vehicle and to ensure fair and transparent processes in the repair of motor vehicles following motor vehicle accidents, N.C.G.S. § 58-3-180(b1) requires that any insurer or insurer representative who makes such recommendation “clearly inform[] the claimant that (i) *the claimant is under no obligation to use the recommended repair service, (ii) the claimant may use the repair service of the claimant's choice, (iii) the amount determined by the insurer to be payable under the policy will be paid regardless of whether or not the claimant uses the recommended repair service, and (iv) that the insurer or insurer representative has, at the time the recommendations are made, a financial interest in the recommended motor vehicle repair service.*” (Emphasis added). N.C.G.S. § 58-3-180(d) provides that “As used in this section, ‘insurer representative’ includes an insurance agent, limited representative, broker, adjuster, and appraiser.”

N.C.G.S. § 58-3-180(c) provides that: “Any person who violates this section is subject to the applicable provisions of G.S. 58-2-70 and G.S. 58-33-46, provided that the maximum penalty that can be assessed under G.S. 58-2-70(d) for a violation of this section is two thousand dollars (\$2,000).” In light of the foregoing, insurers and insurer representatives

NORTH CAROLINA DEPARTMENT OF INSURANCE

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must be familiar with and comply with the disclosure requirements set forth in N.C.G.S. § 58-3-180(b1) when recommending use of a particular motor vehicle or repair service.