



Important Rules to Remember

Vehicle Liability Insurance

Don't make the mistake of canceling your vehicle liability insurance coverage before surrendering your license plate to your nearest DMV agency. For example, if you put your vehicle in storage or do not plan to operate it for a long period of time, you must surrender the registration plate to your local license plate agency before canceling your liability insurance coverage.

Therefore, make certain you turn in your license plate first and then cancel your liability insurance coverage. This will help you avoid a civil penalty of \$50.00, \$100.00, or \$150.00 depending on how many prior paid lapses you've had within a three year period (GS 20-311) for failure to maintain continuous insurance coverage. North Carolina law requires you to have liability coverage in effect on your vehicle during the entire time it is registered and the license plate is in your possession.

Changing Insurance Companies

The same rule applies to changing your liability insurance coverage from one company to another. To avoid a lapse in coverage, make certain that you purchase your new liability insurance policy before canceling your old one. Purchase coverage before the renewal date rather than going into a policy reinstatement period which creates a lapse in liability coverage. Have your agent notify the DMV that you have changed from one company to another without a termination of coverage.

Driver Insurance Points

Insurance companies use a separate point system to determine insurance rates. Insurance points can result in substantial premium increases, depending upon the number of points assessed. In addition to the premium increase, a recoupment surcharge is added to the cost to determine the final premium.