

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 324
Committee Substitute Favorable 5/8/89

Short Title: No Collision Waivers - Short Leases.

(Public)

Sponsors:

Referred to:

February 22, 1989

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE AUTOMOBILE LIABILITY INSURERS TO OFFER
COVERAGE FOR DAMAGE TO RENTAL VEHICLES DRIVEN BY THEIR
INSUREDS; TO PROHIBIT CERTAIN ADVERTISING AND SALES
PRACTICES OF RENTAL CAR COMPANIES; AND TO CLARIFY THE LAW
REGARDING SALES OF INSURANCE BY RENTAL CAR COMPANY
EMPLOYEES.

The General Assembly of North Carolina enacts:

Section 1. Article 12B of Chapter 58 of the General Statutes is amended by
adding a new section to read:

"§ 58-124.34. Coverage for damage to rental vehicles authorized.

Every member of the Bureau is authorized to offer and provide, as a supplemental
extension of property damage liability coverage in nonfleet private passenger motor
vehicle insurance policies, coverage for property damage to rented motor vehicles
caused by persons insured under such policies."

Sec. 2. Chapter 66 of the General Statutes is amended by adding a new
Article to read:

"ARTICLE 27.

"RENTAL CAR ADVERTISING AND SALES PRACTICES.

"§ 66-190. Scope.

This Article applies to all persons renting vehicles from locations within this State.

"§ 66-191. Definitions.

1 As used in this Article:

- 2 (1) 'Collision damage waiver' means any contract or contractual
3 provision, whether separate from or a part of a rental agreement,
4 whereby the rental car company agrees for a charge to waive any and
5 all claims against the renter for any damages to the rented vehicle
6 during the term of the rental agreement.
- 7 (2) 'Damage' means any damage or loss to the rented vehicle, including
8 loss of use and any costs and expenses incident to the damage or loss.
- 9 (3) 'Person' includes an individual, aggregation of individuals,
10 corporation, company, association, or partnership.
- 11 (4) 'Rental agreement' means any written agreement setting forth the
12 terms and the conditions governing the use of a vehicle provided by
13 the rental car company.
- 14 (5) 'Rental car company' means any person in the business of providing
15 vehicles to the public.
- 16 (6) 'Renter' means any person obtaining the use of a vehicle from a rental
17 car company under the terms of a rental agreement.
- 18 (7) 'Vehicle' means a motor vehicle of the private passenger type
19 including passenger vans and minivans that are primarily intended for
20 transport of persons.

21 **"§ 66-192. Rental car advertising.**

22 (a) A rental car company shall only advertise and charge a rental rate that
23 includes the entire amount, except taxes and a mileage charge if any, that a renter must
24 pay to hire or lease a vehicle for the period of time to which the rental rate applies.

25 (b) If a rental car company states a rental rate in a print advertisement for an in-
26 person or computer-transmitted quotation, the rental car company shall clearly disclose
27 or cause to be disclosed in that advertisement or quotation the terms of any mileage
28 conditions relating to the advertised or quoted rental rate, including, but not limited to:
29 To the extent applicable, the amount of mileage and fuel charges; the number of miles
30 for which no charge will be imposed; and a description of the geographic driving
31 limitations, if any, within the United States and Canada.

32 (c) A rental car company shall also include in all advertising the daily rate it
33 charges for collision damage waivers; shall state in such advertising that collision
34 damage waivers are not required; and shall state that prospective renters should examine
35 or inquire about their automobile insurance policies to see whether such policies will
36 cover damage to rental vehicles.

37 (d) An advertised rental rate does not have to include airport access charges that
38 may be avoided, as long as the advertisement clearly and conspicuously discloses,
39 immediately adjacent to the advertised rate, the range of airport access charges that
40 exists in the area to which the advertised rental rate applies and clearly and
41 conspicuously discloses the method of avoiding the airport access charge.

42 **"§ 66-193. Prohibited charges.**

43 (a) No rental car company may charge, in addition to the rental rate, taxes, and
44 mileage charge, if any, any fee that must be paid by the renter as a condition of hiring or

1 leasing a vehicle, such as, but not limited to, required fuel charges or any fee for
2 transporting the renter to the location where the rented vehicle will be delivered to that
3 person.

4 (b) If a rental car company delivers a vehicle to a person at a location other than
5 the location where the rental car company normally carries on its business, the rental car
6 company shall not charge that person any amount for the rental for the period before the
7 delivery of the vehicle. If a rental car company picks up a rented vehicle from a person
8 at a location other than the location where the rental car company normally carries on its
9 business the rental car company shall not charge to the renter any amount for the rental
10 for the period after the rented vehicle is available for pickup in accordance with the
11 notification given to the rental car company to pick up the rented vehicle.

12 **"§ 66-194. Permitted charges.**

13 (a) In addition to the rental rate, taxes, and mileage charge, if any, a rental car
14 company may charge a renter for an item or service provided in connection with a
15 particular rental transaction if the renter can avoid incurring that charge by choosing not
16 to obtain or utilize the optional item or service. Items and services for which a rental
17 car company may impose an additional charge include, but are not limited to: Optional
18 insurance and accessories requested by the renter unless otherwise prohibited by law;
19 service charges incident to a person's optional return of the vehicle to a location other
20 than the location where the vehicle was hired or leased; airport access charges that may
21 be avoided by the renter, provided the requirements of G.S. 66-192(d) are met; and
22 charges for refueling the vehicle at the conclusion of the rental transaction in the event
23 the rented vehicle is not returned with as much fuel that was in its fuel tank at the
24 beginning of the rental.

25 (b) A rental car company may also impose an additional charge based on
26 reasonable driving experience criteria established by the rental car company.

27 **"§ 66-195. Agent licenses required.**

28 No employee or other representative of a rental car company shall solicit or sell any
29 kind of insurance in connection with a rental agreement unless he is duly licensed under
30 Article 45 of Chapter 58 of the General Statutes.

31 **"§ 66-196. Effects of violations.**

32 Any violation of the provisions of this Article constitutes an unfair trade practice
33 under G.S. 75-1.1."

34 Sec. 3. This act shall become effective October 1, 1989.