

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 717

Short Title: License Rental Car Agents.

(Public)

Sponsors: Representative Hasty.

Referred to: Commerce.

April 11, 1991

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR SPECIFIC LICENSING OF RENTAL CAR COMPANY  
3 PERSONNEL WHO ACT AS AGENTS FOR INSURERS IN THE SALE OF  
4 INSURANCE COVERAGE RELATED TO THE SHORT-TERM RENTAL OF  
5 MOTOR VEHICLES.

6 The General Assembly of North Carolina enacts:

7 Section 1. Article 33 of Chapter 58 of the General Statutes is amended by  
8 adding a new section to read:

9 **"§ 58-33-17. Limited license for rental car companies.**

10 (a) As used in this section:

11 (1) 'Limited licensee' means a person authorized to sell certain coverages  
12 relating to the rental of motor vehicles pursuant to the provisions of  
13 this section and Article 28 of Chapter 66 of the General Statutes.

14 (2) 'Rental agreement' means any written agreement setting forth the terms  
15 and conditions governing the use of a vehicle provided by the rental  
16 car company.

17 (3) 'Rental car company' means any person in the business of providing  
18 vehicles to the public.

19 (4) 'Renter' means any person obtaining the use of a vehicle from a rental  
20 car company under the terms of a rental agreement.

21 (5) 'Vehicle' means a motor vehicle of the private passenger type including  
22 passenger vans and minivans that are primarily intended for the  
23 transport of persons.

1       **(b)** The Commissioner may issue to a rental car company, or to a franchisee of a  
2 rental car company, that has complied with the requirements of this section, a limited  
3 license authorizing the licensee, known as a 'limited licensee' for the purpose of this  
4 Article, to act as agent, with reference to the kinds of insurance specified in this section,  
5 of any insurer authorized to write such kinds of insurance in this State.

6       **(c)** The prerequisites for issuance of a limited license under this section are the  
7 filing with the Commissioner of the following:

8           **(1)** A written application, signed by an officer of the applicant, for the  
9 limited license in such form or forms, and supplements thereto, and  
10 containing such information, as the Commissioner may prescribe; and

11           **(2)** A certificate by the insurer that is to be named in such limited license,  
12 stating that it has satisfied itself that the named applicant is trustworthy  
13 and competent to act as its insurance agent for this limited purpose and  
14 that the insurer will appoint such applicant to act as the agent in  
15 reference to the doing of such kind or kinds of insurance as are  
16 permitted by this section, if the limited license applied for is issued by  
17 the Commissioner. Such certificate shall be subscribed by an officer  
18 or managing agent of such insurer and affirmed as true under the  
19 penalties of perjury.

20       **(d)** In the event that any provision of this section is violated by a limited licensee,  
21 the Commissioner may:

22           **(1)** Revoke or suspend a limited license issued under this section in  
23 accordance with the provisions of G.S. 58-33-45; or

24           **(2)** After notice and hearing, impose such other penalties, including  
25 suspending the transaction of insurance at specific rental locations  
26 where violations of this Article have occurred, as the Commissioner  
27 deems to be necessary or convenient to carry out the purposes of this  
28 section.

29       **(e)** The rental car company or franchisee licensed pursuant to subsection (b) of  
30 this section may act as agent for an authorized insurer only in connection with the rental  
31 of vehicles and only with respect to the following kinds of insurance:

32           **(1)** Excess liability insurance that provides coverage to the rental car  
33 company or franchisee and renters and other authorized drivers of  
34 rental vehicles, in excess of the standard liability limits provided by  
35 the rental car company in its rental agreement, for liability arising from  
36 the negligent operation of the rental vehicle;

37           **(2)** Accident and health insurance that provides coverage to renters and  
38 other vehicle occupants for accidental death or dismemberment and for  
39 medical expenses resulting from an accident that occurs during the  
40 rental period;

41           **(3)** Personal effects insurance that provides coverage to renters and other  
42 vehicle occupants for the loss of, or damage to, personal effects that  
43 occurs during the rental period; or

- 1           (4) Any other coverage that the Commissioner may approve as meaningful  
2           and appropriate in connection with the rental of vehicles.
- 3       (f) No insurance may be issued pursuant to this section unless:
- 4           (1) The rental period of the rental agreement does not exceed 30  
5           consecutive days; and
- 6           (2) At every rental car location where rental car agreements are executed,  
7           brochures or other written materials are readily available to the  
8           prospective renter that:
- 9           a. Summarize, clearly and correctly, the material terms of  
10           insurance coverage, including the identity of the insurer, offered  
11           to renters;
- 12           b. Disclose that these policies offered by the rental car company  
13           may provide a duplication of coverage already provided by a  
14           renter's personal automobile insurance policy, homeowner's  
15           insurance policy, personal liability insurance policy, or other  
16           source of coverage;
- 17           c. State that the purchase by the renter of the kinds of insurance  
18           specified in this section is not required in order to rent a  
19           vehicle;
- 20           d. Describe the process for filing a claim in the event the renter  
21           elects to purchase coverage and in the event of a claim; and
- 22           e. Contain any additional information on the price, benefits,  
23           exclusions, conditions or other limitations of such policies as  
24           the Commissioner may by regulation prescribe; and
- 25           (3) Evidence of coverage is provided to every renter who elects to  
26           purchase such coverage.
- 27       (g) Any limited license issued under this section shall also authorize any salaried  
28       employee of the licensee who, pursuant to subsection (h) of this section, is trained to act  
29       individually on behalf, and under the supervision, of the licensee with respect to the  
30       kinds of insurance specified in this section.
- 31       (h) Each rental car company or franchisee licensed pursuant to this section shall  
32       conduct a training program which shall be submitted to the commissioner for approval  
33       prior to use and which shall meet the following minimum standards:
- 34           (1) Each trainee shall receive basic instruction about the kinds of  
35           insurance specified in this section offered for purchase by prospective  
36           renters of rental vehicles;
- 37           (2) Each trainee shall be instructed to acknowledge to a prospective renter  
38           of a rental vehicle that purchase of any such insurance specified in this  
39           section is not required in order for the renter to rent a vehicle; and
- 40           (3) Each trainee shall be instructed to acknowledge to a prospective renter  
41           of a rental vehicle that the renter may have insurance policies that  
42           already provide the coverage being offered by the rental car company  
43           pursuant to this section.

1       (i) Limited licensees acting pursuant to and under the authority of this section  
2 shall comply with all applicable provisions of this Article, except that notwithstanding  
3 any other provision of this Article, or any rule adopted by the Commissioner, a limited  
4 licensee pursuant to this section shall not be required to treat premiums collected from  
5 renters purchasing such insurance when renting vehicles as funds received in a fiduciary  
6 capacity, provided that:

7           (1) The insurer represented by the limited licensee has consented in  
8 writing, signed by the insurer's officer, that premiums need not be  
9 segregated from funds received by the rental car company on account  
10 of vehicle rental; and

11           (2) The charges for insurance coverage are itemized but not billed to the  
12 renter separately from the charges for rental vehicles.

13       (j) No limited licensee under this section shall advertise, represent, or otherwise  
14 hold itself or any of its employees themselves out as licensed insurance agents or  
15 brokers."

16           Sec. 2. This act becomes effective October 1, 1991.