

By: Senator(s) Kirby

To: Insurance; Judiciary

SENATE BILL NO. 2952

1 AN ACT TO AUTHORIZE THE COMMISSIONER OF INSURANCE TO ISSUE
2 LIMITED LICENSES TO AUTO RENTAL COMPANIES FOR THE OFFER OR SALE OF
3 INSURANCE IN CONNECTION WITH THE RENTAL OF VEHICLES; TO PROVIDE
4 THE CATEGORY OF COVERAGES THAT MAY BE OFFERED BY THE AUTO RENTAL
5 COMPANIES; TO PRESCRIBE PREREQUISITES FOR LICENSURE; TO REQUIRE
6 LICENSEES TO CONDUCT AN EMPLOYEE TRAINING PROGRAM REGARDING THE
7 KINDS OF COVERAGE OFFERED FOR PURCHASE; AND FOR RELATED PURPOSES.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

9 SECTION 1. For purposes of this act, the following terms
10 shall have the following meanings:

11 (a) "Commissioner" means the Commissioner of Insurance
12 of the State of Mississippi.

13 (b) "Limited licensee" means a person or entity
14 authorized to sell certain coverage relating to the rental of
15 vehicles pursuant to this act.

16 (c) "Rental agreement" means any written agreement
17 setting forth the terms and conditions governing the use of a
18 vehicle provided by the rental company for rental or lease.

19 (d) "Rental company" means any person or entity in the
20 business of providing primarily private passenger vehicles to the
21 public under a rental agreement for a period not to exceed ninety
22 (90) days.

23 (e) "Rental period" means the term of the rental
24 agreement.

25 (f) "Renter" means any person obtaining the use of a
26 vehicle from a rental company under the terms of a rental
27 agreement for a period not to exceed ninety (90) days.

28 (g) "Vehicle" or "rental vehicle" means a motor vehicle

29 of the private passenger type, including passenger vans, minivans,
30 and sport utility vehicles, and of the cargo type, including cargo
31 vans, pickup trucks, and trucks with gross vehicle weight of less
32 than twenty-six thousand (26,000) pounds and which do not require
33 the operator to possess a commercial driver's license.

34 SECTION 2. (1) The commissioner may issue to a rental
35 company that has complied with the requirements of this section a
36 limited license authorizing the limited licensee to offer or sell
37 insurance in connection with the rental of vehicles.

38 (2) As a prerequisite for issuance of a limited license
39 under this section, there shall be filed with the commissioner a
40 written application for a limited license, signed by an officer of
41 the applicant rental company, using the form and containing such
42 information as the commissioner may prescribe.

43 (3) In the event that any provision of this section is
44 violated by a limited licensee, the commissioner may, after a
45 notice and a hearing do either of the following:

46 (a) Revoke or suspend a limited license issued under
47 this section in accordance with Mississippi law; or

48 (b) Impose such other penalties, including probation,
49 or suspending the transaction of insurance, at specific rental
50 locations where violations of this section have occurred, as the
51 commissioner deems to be necessary or convenient to carry out the
52 purposes of this section.

53 SECTION 3. (1) The rental company licensed pursuant to
54 subsection (1) of Section 2 of this act may offer or sell
55 insurance only in connection with and incidental to the rental of
56 vehicles, whether at the rental office or by pre-selection of
57 coverage in a master, corporate, individual, or group rental
58 agreement, in any of the following general categories:

59 (a) Personal accident insurance covering the risks of
60 travel, including, but not limited to, accident and health
61 insurance that provides coverage, as applicable, to renters and

62 other rental vehicle occupants for accidental death or
63 dismemberment and reimbursement for medical expenses resulting
64 from an accident that occurs during the rental period;

65 (b) Liability insurance, including (at the rental
66 company's sole discretion) uninsured and underinsured motorist
67 coverage whether offered separately or in combination with other
68 liability insurance, that provides coverage, as applicable, to
69 renters and other authorized drivers of rental vehicles for
70 liability arising from the operation of the rental vehicle;

71 (c) Personal effects insurance that provides coverage,
72 as applicable, to renters and other vehicle occupants for the loss
73 of, or damage to, personal effects that occurs during the rental
74 period;

75 (d) Roadside assistance and emergency sickness
76 protection programs; and

77 (e) Any other travel or auto-related coverage that a
78 rental company offers in connection with and incidental to the
79 rental of vehicles.

80 (2) No insurance may be issued by a limited licensee
81 pursuant to this section unless the following occurs:

82 (a) The rental period of the rental agreement does not
83 exceed ninety (90) consecutive days;

84 (b) At every rental location where individual rental
85 agreements are executed by the individual renter(s), brochures or
86 other written materials are readily available to the prospective
87 individual renter(s) that meet the following criteria:

88 (i) Summarize clearly and correctly the material
89 terms of coverage offered to individual renters, including the
90 identity of the insurer;

91 (ii) Disclose that the coverage offered by the
92 rental company may provide a duplication of coverage provided by
93 an individual renter's personal automobile insurance policy or
94 other source of coverage, which shall be determined by the

95 individual renter and/or the individual renter's insurance
96 provider(s) and not by the rental company;

97 (iii) State that the purchase by the individual
98 renter of the kinds of coverage specified in this section is not
99 required in order to rent a vehicle; and

100 (iv) Describe the process for filing a claim in
101 the event the individual renter elects to purchase coverage and in
102 the event of a claim.

103 As used in this paragraph (b), "individual" shall mean a man
104 or woman who is twenty-one (21) years of age or older and who
105 executes a rental agreement in his or her personal capacity.

106 (c) Evidence of coverage in the rental agreement is
107 disclosed to every renter who elects to purchase such coverage.

108 SECTION 4. Any limited license issued under Section 2 of
109 this act shall authorize any employee of the limited licensee to
110 act individually on behalf of, and under the supervision of, the
111 limited licensee with respect to the kinds of coverage specified
112 in this act.

113 SECTION 5. Each rental company licensed pursuant to this act
114 shall conduct a training program in which employees being trained
115 shall receive basic instruction about the kinds of coverage
116 specified in this act and offered for purchase by prospective
117 renters of rental vehicles.

118 SECTION 6. Notwithstanding any other provision of this act,
119 or any rule adopted by the commissioner, a limited licensee
120 pursuant to this act shall not be required to treat monies
121 collected from renters purchasing insurance when renting vehicles
122 as funds received in a fiduciary capacity, provided that the
123 charge for coverage shall be itemized and be ancillary to a rental
124 transaction. The sale of insurance not in conjunction with a
125 rental transaction shall not be permitted.

126 SECTION 7. No limited licensee under this act shall
127 advertise, represent, or otherwise hold itself or any of its

128 employees out as licensed insurers, insurance agents, or insurance
129 brokers.

130 SECTION 8. This act shall take effect and be in force from
131 and after July 1, 1999.