HOUSE BILL NO. 879

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

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

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

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

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

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

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

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

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

(g) "Vehicle" or "rental vehicle" means a motor vehicle of the private passenger type, including passenger vans, minivans
and sport utility vehicles, and of the cargo type, including cargo vans, pickup trucks and trucks with gross vehicle weight of less than twenty-six thousand (26,000) pounds and which do not require the operator to possess a commercial driver's license.

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

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

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

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

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

SECTION 3. (1) The rental company licensed under Section 2(1) of this act may offer or sell insurance only in connection with and incidental to the rental of vehicles, whether at the rental office or by preselection of coverage in a master, corporate, individual or group rental agreement, in any of the following general categories:

(a) Personal accident insurance covering the risks of travel, including, but not limited to, accident and health insurance that provides coverage, as applicable, to renters and other rental vehicle occupants for accidental death or...
dismemberment and reimbursement for medical expenses resulting from an accident that occurs during the rental period;

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

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

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

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

(2) No insurance may be issued by a limited licensee under this section unless the following occurs:

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

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

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

(ii) Disclose that the coverage offered by the rental company may provide a duplication of coverage provided by an individual renter’s personal automobile insurance policy or other source of coverage, which shall be determined by the
individual renter/or the individual renter's insurance provider(s), or both, and not by the rental company;

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

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

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

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

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

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

SECTION 6. Notwithstanding any other provision of this act, or any rule adopted by the commissioner, a limited licensee under this act shall not be required to treat monies collected from renters purchasing insurance when renting vehicles as funds received in a fiduciary capacity if the charge for coverage is itemized and ancillary to a rental transaction. The sale of insurance not in conjunction with a rental transaction shall not be permitted.

SECTION 7. No limited licensee under this act shall advertise, represent or otherwise hold itself or any of its
employees out as licensed insurers, insurance agent, or insurance
brokers.

SECTION 8. This act shall take effect and be in force from
and after July 1, 2002.