



SPONSOR: Rep. Stone & Sen. Cook

HOUSE OF REPRESENTATIVES

141st GENERAL ASSEMBLY

HOUSE BILL NO. 249

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE CREATING A NEW SECTION, CHAPTER 20, ENTITLED RENTAL CAR INSURANCE LIMITED PRODUCER LICENSE ACT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

1 Section 1. Amend Title 18 of the Delaware Code by adding a new Chapter 20 to read as follows:

2 "CHAPTER 20. RENTAL CAR INSURANCE LIMITED PRODUCER LICENSE ACT

3 § 2001. This Chapter shall be known as the "Rental Car Insurance Producer License Act."

4 § 2002. Definitions.

5 (a) As used in this section:

6 (1) 'Limited license' means the authority of a person or entity authorized to sell certain
7 coverages relating to the rental of vehicles pursuant to the provisions of this section.

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

10 (3) 'Rental company' means any person or entity in the business of providing primarily motor
11 vehicles to the public under a rental agreement for a rental period not to exceed (90) days.

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

14 (5) 'Vehicle' or "rental vehicle" means a motor vehicle of the private passenger type including
15 passenger vans, minivans and sport utility vehicles, and of the cargo type, including cargo
16 vans, pick up trucks with a gross vehicle weight of less than 26,000 pounds and which do
17 not require the operator to possess a commercial driver's license.

18 § 2003. General Rules.

- 19 (a) The Commissioner may issue to a rental company that has complied with the requirements
20 of this section, a limited license authorizing the limited licensee to offer or sell insurance
21 in connection with the rental of vehicles.
- 22 (b) As a prerequisite for issuance of a limited license under this section, there shall be filed
23 with the Commissioner a written application for a limited license, signed by an officer of
24 the applicant, in such form or forms, and supplement thereto, and containing such
25 information, as the Commissioner may prescribe.
- 26 (c) The rental company licensed pursuant to subsection (a) of this section may offer or sell
27 insurance only in connection with and incidental to the rental of vehicles, whether at the
28 rental office or by pre-selection of coverage in master, corporate, group rental, or
29 individual agreements in any of the following general categories:
- 30 (1) Personal accident insurance covering the risks of travel, including but not limited
31 to accident and health insurance that provides coverage, as applicable, to renters
32 and other rental vehicle occupants for accidental death or dismemberment and
33 reimbursement for medical expenses resulting from an accident that occurs
34 during the rental period;
- 35 (2) Liability insurance which, at the exclusive option of the rental company, may
36 include uninsured and underinsured motorist coverage whether offered separately
37 or in combination with other liability insurance, that provides protection, as
38 applicable, to renters and other authorized drivers of rental vehicles for liability
39 arising from the operation of the rental vehicle;
- 40 (3) Personal effects insurance that provides coverage, as applicable, to renters and
41 other vehicle occupants for the loss of, or damage to, personal effects that occurs
42 during the rental period;
- 43 (4) Roadside assistance and emergency sickness protection programs; and
- 44 (5) Any other travel or vehicle related coverage that a rental company offers in
45 connection with and incidental to the rental of vehicles.
- 46 (d) No insurance may be offered or sold by a limited licensee pursuant to this section unless:

- (1) The rental period of the rental agreement does not exceed ninety (90) consecutive days;
- (2) At every rental location where rental agreements are executed, brochures or other written materials are readily available to the prospective renter that:
- a. Summarize clearly and correctly, the material terms of coverage offered to renters, including the identify of the insurer;
 - b. Disclose that the coverage offered by the rental company may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage;
 - c. State that the purchase by the renter of the kinds of coverage specified in this section is not required in order to rent a vehicle; and
 - d. Describe the process for filing a claim in the event the renter elects to purchase coverage and in the event of a claim; and
- (3) Evidence of coverage on the face of the rental agreement is disclosed to every renter who elects to purchase such coverage.
- (e) Any limited license issued under this section shall also authorize any employee of the limited licensee to act individually on behalf, and under the supervision, of the limited licensee with respect to the kinds of coverage specified in this section.
- (f) Each rental company licensed pursuant to this section shall conduct a training program in which employees being trained shall receive basic instruction about the kinds of coverage specified in this section and offered for purchase by prospective renters of rental vehicles.
- (g) Notwithstanding any other provision of this section, or any rule adopted by the Commissioner, a limited licensee pursuant to this section shall not be required to treat monies collected from renters purchasing such insurance when renting vehicles as funds received in a fiduciary capacity or to hold such funds in separate trust accounts.
- (h) No limited licensee under this section shall advertise, represent, or otherwise hold itself or any of its employees out as licensed insurers, insurance agents or insurance brokers.

75 § 2004. Termination of Limited License.

76 (a) In the event that any provision of this section is violated by a limited licensee, the
77 commissioner may:

78 (1) After notice and a hearing, revoke or suspend a limited license issued under this
79 section.

80 (2) After notice and hearing, impose such other penalties, including suspending the
81 transaction of insurance at specific rental locations where violations of this section have
82 occurred, as the Commissioner deems to be necessary or convenient to carry out the
83 purposes of this section.

84 § 2005. Rules and Regulations.

85 The Commissioner may issue reasonable rules and regulations for the implementation and
86 administration of this Chapter.

87 § 2006. Fees.

88 The fee for this limited license shall be \$300 per year, per company."

SYNOPSIS

This Act will establish a new limited license for insurance sales at rental car counters. Included is a fee imposed for \$300 per year per company.