

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1354

H.P. 934

House of Representatives, March 28, 1991

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

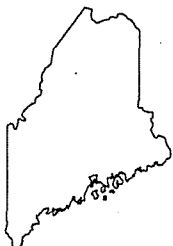
Presented by Representative KETOVER of Portland.

Cosponsored by Representative GARLAND of Bangor, Representative RYDELL of Brunswick and Senator KANY of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act Relating to Insurance of Rental Motor Vehicles.



Be it enacted by the People of the State of Maine as follows:

24-A MRSA c. 39, sub-c. III is enacted to read:

SUBCHAPTER III

RENTAL VEHICLE INSURANCE

§2927. Insurance covering private passenger motor vehicles;
rental vehicle coverage

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Authorized driver" means any named insured or other person to whom a private passenger motor vehicle liability insurance policy otherwise extends the protections of liability insurance coverage.

B. "Private passenger motor vehicle" means a motor vehicle:

(1) Of the private passenger or station wagon type that is neither used as a public livery or conveyance for passengers nor rented to others without a driver; or

(2) With a pickup body, a delivery sedan, panel truck or van not customarily used in the occupation, profession or business of the insured, whether or not used in the course of driving to or from work.

C. "Rental agreement" means a written agreement setting forth the terms and conditions governing the use of a private passenger vehicle provided by a rental company but does not include those agreements that provide for use of the vehicle provided for more than 30 days.

D. "Rental company" means any person or organization, including franchisees, in the business of providing private passenger vehicles to the public.

E. "Rental vehicle" means a private passenger motor vehicle rented pursuant to a rental agreement.

2. Rental vehicle coverage required. Subject to this section, a motor vehicle liability insurance policy issued for delivery in this State that insures fewer than 5 private passenger motor vehicles may not be issued or renewed on or after January 1, 1992 unless it provides separate coverage for the obligation of the insured for actual damage to or loss of vehicles, including loss of use, rented by an insured in the United States, its territories or possessions, or Canada under a

2 rental agreement with a term of 30 continuous days or less,
3 regardless of where such rental vehicle is registered, rented or
4 operated. The separate coverage may not be subject to
5 coinsurance or deductible amounts.

6 3. Permissible exclusions. A motor vehicle liability
7 policy may provide for the following limitations and exclusions
8 to coverage for the obligation of the insured for damage to or
9 loss of rental vehicles:

10 A. Any damage or loss that the rental company is precluded
11 from recovering from the insured whether pursuant to the
12 terms of the rental agreement or to the law;

13 B. Any damage or loss that is caused intentionally by an
14 authorized driver or as a result of an authorized driver's
15 willful or wanton misconduct;

16 C. Any damage or loss that arises out of an authorized
17 driver's operation of the vehicle while operating under the
18 influence of intoxicating liquor as defined in Title 29,
19 chapter 11, subchapter V or under the influence of any drug
20 that impairs the ability to drive a motor vehicle;

21 D. Any damage or loss caused while an authorized driver is
22 operating the rental vehicle in any speed contest regardless
23 of whether the lawful speed limit is exceeded. Exceeding
24 the lawful speed limit does not, by itself, constitute a
25 speed contest;

26 E. Any damage or loss that arises out of the use of the
27 vehicle by an authorized driver while committing or
28 otherwise engaged in a criminal act in which the use of the
29 motor vehicle is substantially related to the criminal
30 activity excluding minor traffic violations; or

31 F. Any damage or use that arises out of the use of the
32 vehicle by an authorized driver to carry persons or property
33 for hire.

34 Nothing in this subsection precludes an insurer from pursuing
35 subrogation rights in connection with claims involving rental
36 vehicle coverage or from applying those policy provisions
37 otherwise applicable.

38 4. Notice to insureds. Every policy to which this section
39 applies, either upon policy issuance or upon the first renewal
40 after January 1, 1992, must be accompanied or supplemented by a
41 notice, in a form prescribed or approved by the superintendent,
42 advising the insured of the rental vehicle coverage provided
43 pursuant to this section.

2 STATEMENT OF FACT

4 This bill addresses a problem relating to rental cars and
6 collision damage waivers that are sold to consumers who rent
8 cars. In many cases consumers are already covered for collisions
10 in rental cars by their own auto insurance policies. Many
12 consumers may not be aware of this at the time they rent a car or
14 may be convinced that they still need to purchase a collision
16 damage waiver. This bill requires all insurers that provide
liability insurance coverage for private passenger vehicles to
provide coverage for collision damage to cars rented by insureds
for terms of 30 days or less.

The bill does not apply to auto leases of more than 30 days
nor to rental agreements involving commercial vehicles.