

State of Arkansas

82nd General Assembly

Regular Session, 1999

A Bill

HOUSE BILL 1960

By: Representative Teague

For An Act To Be Entitled

"AN ACT CONCERNING A LIMITED LICENSE FOR RENTAL
COMPANIES; AND FOR OTHER PURPOSES."

Subtitle

"AN ACT CONCERNING A LIMITED LICENSE FOR
RENTAL COMPANIES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code 23-64-205 is hereby amended to add an
additional subsection to read as follows:

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

(2) As used in this subsection:

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

(B) '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.

(C) '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.

(D) '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

1 to exceed ninety (90) days.

2 (E) 'Vehicle' or 'rental vehicle' means a motor vehicle of
3 the private passenger type including passenger vans, minivans and sport
4 utility vehicles, and of the cargo type, including cargo vans, pick up trucks
5 and trucks with a gross vehicle weight of less than twenty-six thousand
6 (26,000) pounds, and which do not require the operator to possess a commercial
7 driver's license.

8 (F) 'Rental period' means the term of the rental agreement.

9 (3) As a prerequisite for issuance of a limited license under
10 this subsection, there shall be filed with the commissioner a written
11 application for a limited license, signed by an officer of the applicant, in
12 such form or forms, and supplements thereto, and containing such information,
13 as the commissioner may prescribe.

14 (4) In the event that any provision of this subsection is
15 violated by a limited licensee, the commissioner may:

16 (A) After notice and a hearing, revoke or suspend a limited
17 license issued under this subsection in accordance with the provisions of law;
18 or

19 (B) After notice and hearing, impose such other penalties,
20 including suspending the transaction of insurance at specific rental locations
21 where violations of this subsection have occurred, as the commissioner deems
22 to be necessary or convenient to carry out the purposes of this subsection.

23 (5) The rental company licensed pursuant to this subsection may
24 offer or sell insurance underwritten by a licensed insurer or authorized
25 surplus lines carrier only in connection with and incidental to the rental of
26 vehicles, whether at the rental office or by pre-selection of coverage in a
27 master, corporate, group rental, or individual agreement in any of the
28 following general categories:

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

34 (B) Liability insurance, which, at the exclusive option of
35 the rental company, may include uninsured and underinsured motorist coverage
36 whether offered separately or in combination with other liability insurance,

1 that provides coverage, as applicable, to renters and other authorized drivers
2 of rental vehicles for liability arising from the operation of the rental
3 vehicle;

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

7 (D) Roadside assistance and emergency sickness protection
8 programs; and

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

11 (6) No insurance may be issued by a limited licensee pursuant to
12 this subsection unless:

13 (A) The rental period of the rental agreement does not
14 exceed ninety (90) consecutive days; and

15 (B) At every rental location where rental agreements are
16 executed, brochures or other written materials are readily available to the
17 prospective renter that:

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

20 (ii) Disclose that the coverage offered by the rental
21 company may provide a duplication of coverage already provided by a renter's
22 personal automobile insurance policy, homeowner's insurance policy, personal
23 liability insurance policy, or other source of coverage;

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

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

29 (C) Evidence of coverage is disclosed within the rental
30 agreement provided to every renter who elects to purchase such coverage.

31 (7) Any limited license issued under this subsection shall also
32 authorize any employee of the limited licensee to act individually on behalf,
33 and under the supervision of the limited licensee with respect to the kinds of
34 coverage specified in this subsection.

35 (8) Each rental company licensed pursuant to this subsection
36 shall conduct a training program in which employees being trained shall

1 receive basic instruction about the kinds of coverage specified in this
2 subsection and offered for purchase by prospective renters of rental vehicles.

3 (9) Notwithstanding any other provision of this subsection, or
4 any rule adopted by the commissioner, a limited licensee pursuant to this
5 subsection shall not be required to treat monies collected from renters
6 purchasing such insurance when renting vehicles as funds received in a
7 fiduciary capacity, provided that the charges for coverages shall be itemized
8 and be ancillary to a rental transaction. The sale of insurance not in
9 conjunction with a rental transaction shall not be permitted.

10 (10) No limited licensee under this subsection shall advertise,
11 represent, or otherwise hold itself or any of its employees out as licensed
12 insurers, insurance agents or insurance brokers."

13
14 SECTION 2. All provisions of this act of a general and permanent nature
15 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
16 Revision Commission shall incorporate the same in the Code.

17
18 SECTION 3. If any provision of this act or the application thereof to
19 any person or circumstance is held invalid, such invalidity shall not affect
20 other provisions or applications of the act which can be given effect without
21 the invalid provision or application, and to this end the provisions of this
22 act are declared to be severable.

23
24 SECTION 4. All laws and parts of laws in conflict with this act are
25 hereby repealed.