

1 HB91
2 164729-1
3 By Representative Hill (M)
4 RFD: Insurance
5 First Read: 03-MAR-15

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8 SYNOPSIS: Under existing law, a licensed motor vehicle
9 rental company may authorize an employee to act on
10 behalf of the company with regard to insurance
11 coverage offered.

12 This bill would specify that a licensed
13 motor vehicle rental company may authorize and pay
14 compensation to an employee or authorized
15 representative of the company to offer or sell
16 insurance coverage without the employee or
17 authorized representative being individually
18 licensed to sell insurance.

19 This bill would also provide that an
20 employee or representative of the motor vehicle
21 rental company may not be compensated based
22 primarily on the number of customers who elect to
23 purchase insurance coverage, but may receive
24 compensation incidental to his or her overall
25 compensation.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

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4 To amend Section 27-7-5.1, Code of Alabama 1975,
5 relating to insurance sold by motor vehicle rental companies,
6 to specify that a licensed motor vehicle rental company may
7 authorize and pay compensation to an employee or authorized
8 representative of the company to offer or sell insurance
9 coverage without the employee or authorized representative
10 being individually licensed; and to further provide for the
11 compensation of employees and representatives relating to
12 insurance coverage purchases by customers.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Section 27-7-5.1, Code of Alabama 1975,
15 is amended to read as follows:

16 "§27-7-5.1.

17 "(a) As used in this section, the following terms
18 shall have the following meanings:

19 "(1) RENTAL AGREEMENT. Any written agreement setting
20 forth the terms and conditions governing the use of a vehicle
21 provided by the rental company for rental or lease.

22 "(2) RENTAL COMPANY. Any person or entity in the
23 business of providing rental vehicles to the public under a
24 rental agreement for a period not to exceed 90 days.

25 "(3) RENTAL PERIOD. The term of the rental
26 agreement.

1 "(4) RENTER. Any person obtaining the use of a
2 vehicle from a rental company under the terms of a rental
3 agreement for a period not to exceed 90 days.

4 "(5) VEHICLE or RENTAL VEHICLE. A motor vehicle of
5 the private passenger type (including passenger vans,
6 minivans, and sport utility vehicles) and of the cargo type
7 (including cargo vans, pickup trucks, and trucks with gross
8 vehicle weight of less than 26,000 pounds, which do not
9 require the operator to possess a commercial driver's
10 license).

11 "(b) Notwithstanding any other provision of law, the
12 commissioner may issue to a rental company that has complied
13 with the requirements of this section a limited license
14 authorizing the rental company to offer or sell insurance in
15 connection with the rental of vehicles.

16 "(c) All rental companies licensed pursuant to this
17 section shall be exempt from the 40-hour prelicensing course
18 and written examination requirements of Section 27-7-5, and
19 the continuing education requirements of Chapter 8A of this
20 title.

21 "(d) A rental company licensed pursuant to this
22 section may offer or sell insurance only in connection with
23 and incidental to the rental of vehicles, whether at the
24 rental office or by preselection of coverage in a master,
25 corporate, individual, or group rental agreement, in any of
26 the following general categories:

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

7 "(2) Liability insurance, including uninsured and
8 underinsured motorist coverage whether offered separately or
9 in combination with other liability insurance, that provides
10 coverage, as applicable, to renters and other authorized
11 drivers of rental vehicles for liability arising from the
12 operation of the rental vehicle.

13 "(3) Personal effects insurance that provides
14 coverage, as applicable, to renters and other vehicle
15 occupants for the loss of, or damage to, personal effects that
16 occurs during the rental period.

17 "(4) Roadside assistance and emergency sickness
18 protection programs.

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

22 "(e) No insurance may be issued by a rental company
23 licensed pursuant to this section except subject to all of the
24 following conditions:

25 "(1) The rental period of the rental agreement does
26 not exceed 90 consecutive days.

1 "(2) At every rental location where rental
2 agreements are executed, brochures or other written materials
3 are readily available to the prospective renter that meet all
4 of the following criteria:

5 "a. Summarize clearly and correctly the material
6 terms of coverage offered to renters, including the identity
7 of the insurer.

8 "b. Disclose that the coverage offered by the rental
9 company may provide a duplication of coverage provided by a
10 renter's personal automobile insurance policy, homeowner's
11 insurance policy, personal liability insurance policy, or
12 other source of coverage.

13 "c. State that the purchase by the renter of the
14 kinds of coverage specified in this section is not required in
15 order to rent a vehicle.

16 "d. Describe the process for filing a claim in the
17 event the renter elects to purchase coverage and in the event
18 of a claim.

19 "(3) Evidence of coverage in the rental agreement is
20 disclosed to every renter who elects to purchase the coverage.

21 "(f) ~~A~~ Notwithstanding any other law, a rental
22 company licensed pursuant to this section may authorize and
23 pay compensation to any employee or authorized representative
24 of the rental company to act individually on behalf of and
25 under the supervision of the rental company to offer or sell
26 insurance coverage permitted under this section, and the
27 employee or authorized representative is not required to be

1 licensed with respect to the kinds of coverage specified in
2 this section. An employee or authorized representative may not
3 be compensated based primarily on the number of customers who
4 elect to purchase insurance coverage, but may receive
5 compensation incidental to his or her overall compensation.

6 "(g) Each rental company licensed pursuant to this
7 section shall conduct a training program in which employees
8 being trained shall receive basic instruction about the kinds
9 of coverage specified in this section and offered for purchase
10 by prospective renters of rental vehicles.

11 "(h) Notwithstanding any other provision of this
12 section, or any rule adopted by the commissioner, a rental
13 company licensed pursuant to this section shall not be
14 required to treat monies collected from renters purchasing
15 insurance when renting vehicles as funds received in a
16 fiduciary capacity, provided that the charges for coverage
17 shall be itemized and be ancillary to a rental transaction.
18 The sale of insurance not in conjunction with a rental
19 transaction is prohibited.

20 "(i) This section shall be construed prospectively
21 from August 1, 2000."

22 Section 2. This act shall become effective on the
23 first day of the third month following its passage and
24 approval by the Governor, or its otherwise becoming law.