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NCOIL MODEL PUTS BRAKES ON RENTAL DAMAGE WAIVER DOUBTS, STRESSES CONSUMER DISCLOSURE

Washington, DC, March 4, 2008 — Taking aim at arguably unfair auto rental company practices, the National Conference of Insurance Legislators (NCOIL) adopted on March 1 a Model Act Regarding Disclosure of Rental Vehicle Damage Waivers—calling on consumer notification to ensure justice in a widely popular market. Lawmakers acted during the February 28 through March 2 NCOIL Spring Meeting here.

According to Sen. Alan Sanborn (MI), sponsor of the model law, “An industry as significant as the vehicle rental business must offer suitable products at sound prices under terms that consumers understand. Though most rental companies operate fairly, efforts to sell questionable damage waivers may misrepresent their usefulness and may ultimately violate a consumer’s best interest. The new NCOIL model act will make sure that auto renters receive the treatment—and products—they deserve.”

The model legislation would amend state consumer protection laws to require that rental vehicle companies disclose to consumers—prior to offering damage waivers—that waivers are optional and that consumers may wish to contact their insurance and/or credit card companies to determine if they already have coverage. The model responds to concerns that renters may unknowingly buy duplicative coverage as a result of high-pressure sales tactics.

Particular concern relates to “loss of use” products, which protect a consumer against paying a rental company for its loss of income should an accident occur. Critics contend, among other things, that loss of use is simply a cost of doing business and that salespeople often exaggerate the expense of such downtime.

The NCOIL Property-Casualty Insurance Committee adopted the Model Act Regarding Disclosure of Rental Vehicle Damage Waivers on February 29, followed by the Executive Committee on March 1. The language had originally been included in a proposed package of model legislation that had also addressed auto liability insurance and damage waiver prohibitions.

The NCOIL Spring Meeting was held from February 28 through March 2 at the Hyatt Regency Washington on Capitol Hill.

NCOIL is an organization of state legislators whose public policy concern is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country.

For further details, please contact the NCOIL National Office at 518-687-0178.

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