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LEGISLATORS VOTE TO PURSUE MODEL REGARDING QUESTIONABLE WAIVERS FOR AUTO RENTAL LIABILITY

Savannah, Georgia, March 6, 2007 — Responding to alleged abuses regarding auto rental companies and the questionable liability waivers they sell, lawmakers at this weekend's National Conference of Insurance Legislators (NCOIL) Spring Meeting here voted unanimously to pursue development of a model law that would bring clarity to an otherwise confusing marketplace.

NCOIL President Sen. Alan Sanborn (MI), speaking at the Property-Casualty Insurance Committee meeting on March 2, said, "We must look at ways to help consumers understand that they are usually covered by auto insurance and/or by the credit or debit card they use to rent the vehicle. This is a consumer protection issue that impacts the millions of people who rent automobiles each day."

The Property-Casualty Insurance Committee began its discussion with a proposed *Model Act Regarding Auto Liability Insurance and Rental Vehicles*, sponsored by Sen. Sanborn. The model law served as a starting point. Legislators expect to consider a revised version at the July NCOIL Summer Meeting.

Among other things, the draft model act would require that every motor vehicle liability insurance policy that covers fewer than five private passenger motor vehicles registered in a state must 1) offer coverage for damage to or loss of a rental vehicle (including loss of use); 2) disclose to new policyholders and upon renewals that rental vehicle coverage is provided; 3) notify an insured that he/she has ten days following such notification to reject the rental coverage, if the insurer charges a separate fee for the coverage; 4) prohibit a policyholder from receiving rental vehicle payments under more than one auto liability policy; and 5) allow an insurer to pursue subrogation rights in connection with rental vehicle claims.

Concerns regarding the sale of damage waivers include, among others, those for "loss of use," in which a consumer is protected against paying a rental company for its loss of income should an accident occur. Critics contend that loss of use is simply a cost of doing business and that salespeople often exaggerate the costs of such downtime.

The subject of auto rental liability was not a 2007 Committee charge and required a two-thirds vote of the Committee to consider.

The NCOIL Spring Meeting was held from March 1 through 4 at the Savannah Hyatt Hotel & Towers. The Summer Meeting will take place from July 19 through 22 at the Sheraton Seattle Hotel & Towers in Seattle, Washington.

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. More information is available at www.ncoil.org.

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

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