

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

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ENROLLED, An Act,

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§27-7-5.1.

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

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

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

"(3) RENTAL PERIOD. The term of the rental 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,

1 corporate, individual, or group rental agreement, in any of
2 the following general categories:

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

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

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

19 "(4) Roadside assistance and emergency sickness
20 protection programs.

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

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

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

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

10 "a. Summarize clearly and correctly the material
11 terms of coverage offered to renters, including the identity
12 of the insurer.

13 "b. Disclose that the coverage offered by the rental
14 company may provide a duplication of coverage provided by a
15 renter's personal automobile insurance policy, homeowner's
16 insurance policy, personal liability insurance policy, or
17 other source of coverage.

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

21 "d. Describe the process for filing a claim in the
22 event the renter elects to purchase coverage and in the event
23 of a claim.

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

1 "(f) Notwithstanding any other law, a rental
2 company licensed pursuant to this section may authorize and
3 pay compensation to any employee or authorized representative
4 of the rental company to act individually on behalf of and
5 under the supervision of the rental company to offer or sell
6 insurance coverage permitted under this section, and the
7 employee or authorized representative is not required to be
8 licensed with respect to the kinds of coverage specified in
9 this section. An employee or authorized representative may not
10 be compensated based primarily on the number of customers who
11 elect to purchase insurance coverage, but may receive
12 compensation incidental to his or her overall compensation.

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

18 "(h) Notwithstanding any other provision of this
19 section, or any rule adopted by the commissioner, a rental
20 company licensed pursuant to this section shall not be
21 required to treat monies collected from renters purchasing
22 insurance when renting vehicles as funds received in a
23 fiduciary capacity, provided that the charges for coverage
24 shall be itemized and be ancillary to a rental transaction.

1 The sale of insurance not in conjunction with a rental
2 transaction is prohibited.

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

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

