

SENATE BILL NO. 254

INTRODUCED BY COONEY, MANGAN, MCNUTT, A. OLSON, D. RYAN, STEINBEISSER, WILSON

A BILL FOR AN ACT ENTITLED: "AN ACT REGULATING RENTAL VEHICLE ENTITIES AND CUSTOMER SERVICE REPRESENTATIVES WITH REGARD TO THE SALE OF RENTAL VEHICLE INSURANCE; REQUIRING TRAINING OF CUSTOMER SERVICE REPRESENTATIVES; PROVIDING DEFINITIONS; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 5], the following definitions apply:

- (1) "Customer service representative" means an employee of a rental vehicle entity.
- (2) "Present rental vehicle insurance information" means to present the option to acquire rental vehicle insurance to a renter.
- (3) "Rental agreement" means a written agreement setting forth the terms and conditions governing the use of a vehicle that is provided by a rental vehicle entity for the rental or lease of a rental vehicle for a period of not more than 90 days.
- (4) "Rental vehicle" means a motor vehicle that is designated as:
 - (a) a private passenger motor vehicle, including an automobile, a passenger van, a minivan, or a sport utility vehicle; or
 - (b) a cargo vehicle, including a cargo van, a pickup truck, or a truck with a gross weight of less than 26,000 pounds that does not require the operator to possess a commercial driver's license.
- (5) "Rental vehicle entity" means an entity in the business of providing rental vehicles to the public under a rental agreement.
- (6) "Rental vehicle insurance" means insurance that a renter purchases from a rental vehicle entity as part of the rental agreement in conjunction with the use of a rental vehicle.
- (7) "Renter" means a person who obtains the use of a rental vehicle from a rental vehicle entity under the terms of a rental agreement.

NEW SECTION. **Section 2. Rental vehicle entity license -- customer service representative**

requirements -- recordkeeping. (1) A rental vehicle entity may obtain an insurance license as a business entity.

(2) A rental vehicle entity or customer service representative may not present rental vehicle insurance information to renters unless the rental vehicle entity is licensed and the customer service representative has been trained as required under [section 3].

(3) A customer service representative may present rental vehicle insurance information only on behalf of a rental vehicle entity.

(4) A rental vehicle entity shall supervise a customer service representative who provides rental vehicle insurance under the provisions of [sections 1 through 5].

NEW SECTION. Section 3. Training of customer service representative. (1) A rental vehicle entity shall provide a training program for each customer service representative prior to allowing that customer service representative to present rental vehicle insurance information to renters.

(2) The rental vehicle entity shall present the training program to the commissioner for approval.

(3) The training may be in an electronic or video format and must cover the following areas:

(a) rental vehicle insurance;

(b) specific instruction that information may not be presented either by statement or conduct, express or implied, that would lead the renter to believe:

(i) that the purchase of rental vehicle insurance is required to rent a vehicle;

(ii) that the renter does not have a personal automobile insurance policy in place that provides coverage;

or

(iii) that the customer service representative is qualified to evaluate the adequacy of the renter's existing insurance coverage.

(4) The training and education program must be submitted for review and approval pursuant to 33-17-1204 and 33-17-1205.

NEW SECTION. Section 4. Rental vehicle entity requirements. A rental vehicle entity may not solicit, negotiate, or sell rental vehicle insurance unless:

(1) at every location where rental vehicle agreements are executed, the rental vehicle entity prominently displays and makes readily available written material to each renter who may purchase rental vehicle insurance that:

(a) summarizes the material terms, exclusions, limitations, and conditions of coverage offered to renters,

including the identity of the insurer;

(b) describes the process for filing claims in the event that the renter elects to purchase the coverage, including a toll-free telephone number to report a claim;

(c) provides the rental vehicle entity's name, address, telephone number, and business entity license number, as well as the commissioner's consumer hotline telephone number;

(d) informs the renter that the rental vehicle entity may provide a duplication of coverage already provided by a renter's ~~personal~~ automobile insurance policy;

(e) informs the renter that the purchase by the renter of the rental vehicle insurance is not required in order to rent a vehicle; and

(f) informs the renter that neither the rental vehicle entity nor the customer service representative is qualified to evaluate the adequacy of the renter's existing insurance coverage.

(2) Evidence of the rental vehicle insurance coverage must be stated in the rental agreement.

(3) The cost of the rental vehicle insurance must be separately itemized in the rental agreement, unless preselection of coverage is made in a master, corporate, or group agreement.

~~(4) The renter must be informed that the renter's personal automobile insurance will serve as the primary source of coverage if the rental vehicle insurance is not the primary source of coverage.~~

NEW SECTION. Section 5. Recordkeeping and trust fund requirements. (1) A rental vehicle entity shall keep records of insurance transactions pursuant to 33-17-1101.

(2) The commissioner may not require a rental vehicle entity to hold rental vehicle insurance premium in a separate trust account pursuant to 33-17-1102 if the premium for rental vehicle insurance is itemized as part of the rental agreement.

NEW SECTION. Section 6. Codification instruction. [Sections 1 through 5] are intended to be codified as an integral part of Title 33, chapter 17, and the provisions of Title 33, chapter 17, apply to [sections 1 through 5].

NEW SECTION. Section 7. Applicability. [This act] applies to contracts for rental vehicle insurance issued on or after October 1, 2003.

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