GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H 1 **HOUSE BILL 324** Short Title: No Collision Waivers - Short Leases. (Public) Sponsors: Representatives Redwine; Hasty, Warner, and J. Crawford. Referred to: Commerce. February 22, 1989 1 A BILL TO BE ENTITLED 2 AN ACT TO PROHIBIT THE SALE OF COLLISION DAMAGE WAIVERS BY RENTAL CAR COMPANIES IN CONNECTION WITH SHORT-TERM LEASES. 3 The General Assembly of North Carolina enacts: 4 Section 1. General Statute Chapter 58 is amended by adding a new Article to 5 6 read: 7 "ARTICLE 48. "COLLISION DAMAGE WAIVERS. 8 9 "§ 58-725. Scope. 10 This Article applies to all persons renting vehicles from locations within this State. "§ 58-726. Purpose. 11 The purpose of this Article is to prohibit rental car companies from imposing 12 liability upon renters, subject to certain stated exceptions; and to prohibit the sale of 13 collision damage waivers in connection with rental agreements of 30 days or less. 14 15 "§ 58-727. Definitions. As used in this Article: 16 17 'Authorized driver' means the person to whom the vehicle is rented; (1) his spouse who is a licensed driver and who satisfies the rental car 18

company's minimum age requirement; his employer or co-worker if

engaged in business activity with the authorized driver who is a

licensed driver and who satisfies the rental car company's minimum

age requirement; any person who operates the vehicle during an

emergency situation or parks the vehicle at a commercial

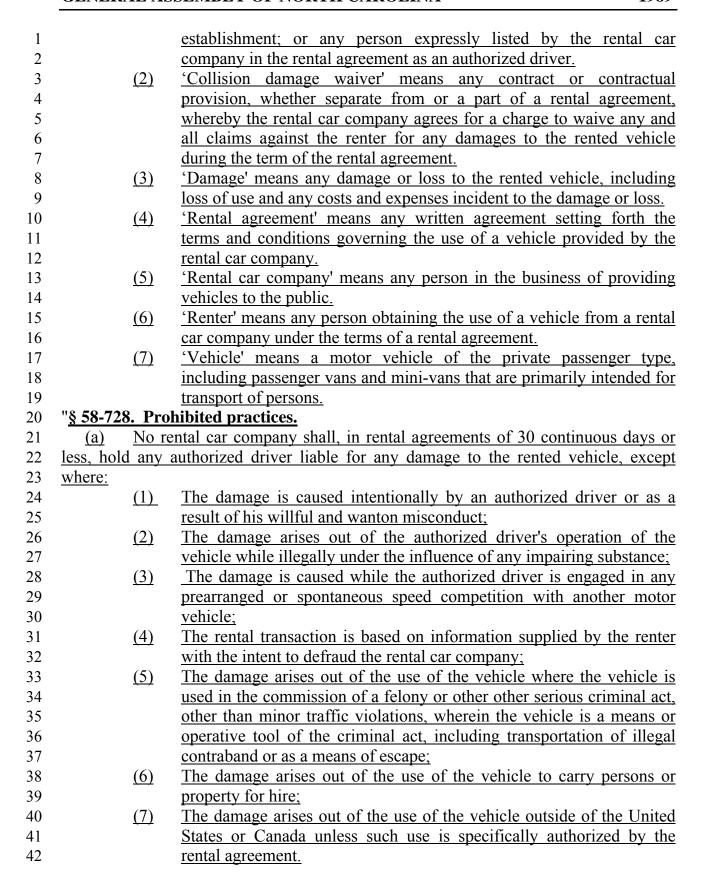
19

20

21

22

23



1

4 5

6

7

8

9

10

11 12

13 14

15

16

17

18

19 20

21

22

- No action for damage may be brought by a rental car company against a 2 renter who is a resident of the United States except in the state and county of the renter's 3 primary residence.
 - No security or deposit for damage in any form, including credit card lines of credit, may be required or requested by the rental car company during the rental period or pending resolution of any dispute. Security may be allowed only in such amounts to reasonably insure payment on the account or the return of the vehicle.
 - No waiver may be offered to provide coverage for any of the exceptions listed in subsection(a) of this section. No deductible may be charged by the rental car company to the renter for damage to the rented vehicle.

"§ 58-729. Agent licenses required.

No employee or other representative of a rental car company shall solicit or sell any kind of insurance in connection with a rental agreement unless he is duly licensed under Article 45 of this Chapter.

"§ 58-730. Penalty.

Any rental car company, found by the Commissioner after notice and hearing to have violated a provision of this Article, shall be subject to a civil penalty in the amount of five hundred dollars (\$500.00) per violation. Such penalty shall be payable to the Commissioner, who shall forward the clear proceeds of which to the General Fund of this State."

- Sec. 2. This act shall apply to rental agreements entered into on and after the effective date of this act.
- 23 Sec. 3. This act shall become effective October 1, 1989.