

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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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  
3 RENTAL CAR COMPANIES IN CONNECTION WITH SHORT-TERM LEASES.  
4 The General Assembly of North Carolina enacts:

5 Section 1. General Statute Chapter 58 is amended by adding a new Article to  
6 read:

7 **“ARTICLE 48.**  
8 **“COLLISION DAMAGE WAIVERS.**

9 **“§ 58-725. Scope.**

10 This Article applies to all persons renting vehicles from locations within this State.

11 **“§ 58-726. Purpose.**

12 The purpose of this Article is to prohibit rental car companies from imposing  
13 liability upon renters, subject to certain stated exceptions; and to prohibit the sale of  
14 collision damage waivers in connection with rental agreements of 30 days or less.

15 **“§ 58-727. Definitions.**

16 As used in this Article:

- 17 (1) ‘Authorized driver’ means the person to whom the vehicle is rented;  
18 his spouse who is a licensed driver and who satisfies the rental car  
19 company's minimum age requirement; his employer or co-worker if  
20 engaged in business activity with the authorized driver who is a  
21 licensed driver and who satisfies the rental car company's minimum  
22 age requirement; any person who operates the vehicle during an  
23 emergency situation or parks the vehicle at a commercial

1                    establishment; or any person expressly listed by the rental car  
2                    company in the rental agreement as an authorized driver.

3            (2)        'Collision damage waiver' means any contract or contractual  
4                    provision, whether separate from or a part of a rental agreement,  
5                    whereby the rental car company agrees for a charge to waive any and  
6                    all claims against the renter for any damages to the rented vehicle  
7                    during the term of the rental agreement.

8            (3)        'Damage' means any damage or loss to the rented vehicle, including  
9                    loss of use and any costs and expenses incident to the damage or loss.

10           (4)        'Rental agreement' means any written agreement setting forth the  
11                    terms and conditions governing the use of a vehicle provided by the  
12                    rental car company.

13           (5)        'Rental car company' means any person in the business of providing  
14                    vehicles to the public.

15           (6)        'Renter' means any person obtaining the use of a vehicle from a rental  
16                    car company under the terms of a rental agreement.

17           (7)        'Vehicle' means a motor vehicle of the private passenger type,  
18                    including passenger vans and mini-vans that are primarily intended for  
19                    transport of persons.

20        **"§ 58-728. Prohibited practices.**

21           (a)        No rental car company shall, in rental agreements of 30 continuous days or  
22                    less, hold any authorized driver liable for any damage to the rented vehicle, except  
23                    where:

24            (1)        The damage is caused intentionally by an authorized driver or as a  
25                    result of his willful and wanton misconduct;

26            (2)        The damage arises out of the authorized driver's operation of the  
27                    vehicle while illegally under the influence of any impairing substance;

28            (3)        The damage is caused while the authorized driver is engaged in any  
29                    prearranged or spontaneous speed competition with another motor  
30                    vehicle;

31            (4)        The rental transaction is based on information supplied by the renter  
32                    with the intent to defraud the rental car company;

33            (5)        The damage arises out of the use of the vehicle where the vehicle is  
34                    used in the commission of a felony or other other serious criminal act,  
35                    other than minor traffic violations, wherein the vehicle is a means or  
36                    operative tool of the criminal act, including transportation of illegal  
37                    contraband or as a means of escape;

38            (6)        The damage arises out of the use of the vehicle to carry persons or  
39                    property for hire;

40            (7)        The damage arises out of the use of the vehicle outside of the United  
41                    States or Canada unless such use is specifically authorized by the  
42                    rental agreement.

1       (b) 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.

4       (c) No security or deposit for damage in any form, including credit card lines of  
5 credit, may be required or requested by the rental car company during the rental period  
6 or pending resolution of any dispute. Security may be allowed only in such amounts to  
7 reasonably insure payment on the account or the return of the vehicle.

8       (d) No waiver may be offered to provide coverage for any of the exceptions  
9 listed in subsection(a) of this section. No deductible may be charged by the rental car  
10 company to the renter for damage to the rented vehicle.

11 **"§ 58-729. Agent licenses required.**

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

15 **"§ 58-730. Penalty.**

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

21       Sec. 2. This act shall apply to rental agreements entered into on and after the  
22 effective date of this act.

23       Sec. 3. This act shall become effective October 1, 1989.