
SENATE BILL 6481

State of Washington 57th Legislature

2002 Regular Session

By Senators Prentice and Winsley

Read first time 01/18/2002. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to regulating insurance for rental vehicles; adding
2 a new chapter to Title 48 RCW; and prescribing penalties.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Limited license" means a license issued under section 2 of
7 this act that authorizes a rental company to offer or sell insurance as
8 provided in section 3 of this act.

9 (2) "Rental agreement" means a written agreement setting forth the
10 terms and conditions governing use of a vehicle provided by a rental
11 company for rent.

12 (3) "Rental company" means a person or entity in the business of
13 providing motor vehicles to the public under a rental agreement for a
14 period of ninety days or less.

15 (4) "Renter" means a person obtaining the use of a vehicle from a
16 rental company for a period of ninety days or less.

17 (5) "Vehicle" means an automobile, van, minivan, sports utility
18 vehicle, cargo van, pickup truck, or truck with a gross vehicle weight

1 of less than twenty-six thousand pounds that does not require a
2 commercial driver's license to operate.

3 NEW SECTION. **Sec. 2.** (1) The insurance commissioner shall adopt
4 rules establishing information required to be submitted by rental
5 companies applying for a limited license.

6 (2) A rental company that intends to offer insurance under section
7 3 of this act shall file a limited license application with the
8 commissioner.

9 (3) Upon receipt of an application, if the commissioner is
10 satisfied that the application is complete, the commissioner may issue
11 a limited license to the rental company.

12 NEW SECTION. **Sec. 3.** A limited license authorizes a rental
13 company to offer and sell the following kinds of insurance in
14 connection with the rental of vehicles:

15 (1) Personal accident insurance covering the risks of travel,
16 including but not limited to accident and health insurance that
17 provides coverage to renters and other occupants of the rental vehicle
18 for accidental death or dismemberment and reimbursement for medical
19 expenses resulting from an accident that occurs during the rental
20 period;

21 (2) Liability insurance that provides coverage to renters and other
22 authorized drivers of the rental vehicle for liability arising from the
23 operation of the rental vehicle. Liability insurance includes
24 uninsured and underinsured motorist coverage, insofar as required by
25 state law or rule;

26 (3) Personal effects insurance that provides coverage to renters
27 and other vehicle occupants for loss of and damage to personal effects
28 during the rental period; and

29 (4) Roadside assistance and emergency sickness insurance.

30 NEW SECTION. **Sec. 4.** (1) A rental company issued a limited
31 license may not issue insurance under section 3 of this act unless:

32 (a) The rental agreement is for a period of ninety consecutive days
33 or less;

34 (b) At every location where rental agreements are executed, there
35 is written material available to prospective renters that:

1 (i) Summarizes clearly and correctly the material terms of the
2 coverage offered and identifies the insurer;

3 (ii) Discloses that the coverage offered by the rental company may
4 duplicate coverage already provided by a renter's personal motor
5 vehicle liability insurance policy, personal liability insurance
6 policy, or other source of coverage;

7 (iii) States that the purchase of the coverage offered is not
8 required in order to rent a vehicle; and

9 (iv) Describes the process for filing a claim;

10 (c) The written material in (b) of this subsection has been filed
11 with and approved by the commissioner; and

12 (d) The rental agreement separately discloses the price for the
13 coverage purchased.

14 (2) A rental company issued a limited license must conduct a
15 training program for employees concerning kinds of coverage offered by
16 the company. The syllabus for the training program shall be filed
17 annually with the commissioner by the rental company and is subject to
18 approval by the commissioner. The rental company shall certify
19 annually to the commissioner that all employees involved in the sale or
20 offer of coverage to members of the public have completed or will
21 complete the training program prior to conducting the sales or offers.
22 The rental company shall also certify annually to the commissioner that
23 all of these employees will receive continuing education on a regular
24 basis concerning the topics covered in the training program. The
25 rental company's compliance with its certification to the commissioner
26 and with the filed training program syllabus is subject to audit by the
27 commissioner.

28 (3) A rental company issued a limited license may not advertise,
29 represent, or otherwise hold itself or its employees out as licensed
30 insurers, insurance agents, or insurance brokers.

31 (4) A rental company issued a limited license may offer and sell
32 insurance only in connection with and incidental to the rental of
33 vehicles.

34 (5) A rental company issued a limited license shall designate an
35 executive as the statewide filing officer for the rental company.

36 NEW SECTION. **Sec. 5.** (1) If a rental company issued a limited
37 license offers or sells insurance not authorized by section 3 of this
38 act, or violates any provision of section 4 of this act, the

1 commissioner may, after notice and hearing, revoke or suspend the
2 limited license or may impose such other penalties as the commissioner
3 prescribes, including but not limited to suspension of transaction of
4 insurance at specific rental locations where violations of section 3 or
5 4 of this act have occurred.

6 (2) This title applies to rental companies issued limited licenses
7 unless specifically rendered inapplicable by statute or by rule adopted
8 by the commissioner.

9 (3) The commissioner may adopt rules necessary for the
10 implementation of this chapter, including rules establishing license
11 fees to defray the cost of administering the limited licensure program.

12 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act constitute
13 a new chapter in Title 48 RCW.

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