

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 295

Short Title: Rental Car Ins./Priority Claims.

(Public)

Sponsors: Representatives Easterling; Beall, Earle, Ives, McLaughlin, and Thompson.

Referred to: Insurance.

February 23, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH PRIORITY FOR PAYMENT OF LIABILITY CLAIMS
3 FOR RENTAL CARS UNDER CERTAIN CIRCUMSTANCES.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 20 of the General Statutes is amended by adding the
6 following new section to read:

7 **"§ 20-279.21A. Priority for payment of liability claims involving motor vehicles**
8 **owned by rental car companies.**

9 (a) As used in this section, unless the context clearly requires otherwise, the term:

10 (1) 'Authorized operator' means the person or persons authorized by the
11 rental car company to operate the vehicle under the terms of a rental
12 contract.

13 (2) 'Rental car company' means an entity engaged primarily in the business
14 of renting vehicles in this State to the general public for a period of 30
15 days or less.

16 (3) 'Rental contract' means a written agreement, but not a lease, under
17 which one or more persons named in the contract are authorized by the
18 rental car company to operate the vehicle under the terms of the
19 contract.

1 (4) 'Vehicle' means a motor vehicle of the private passenger type including
2 passenger vans and minivans that are primarily intended for transport of
3 persons and trucks used primarily for transport of cargo or persons.

4 (b) When a vehicle owned by a rental car company and subject to the provisions of
5 this Article is rented to a person pursuant to a rental car contract and is operated by an
6 individual not authorized under the contract to operate the vehicle, priority for payment
7 of liability claims involving the vehicle shall be as follows:

8 (1) First, the motor vehicle liability policy or policies, if any, of the person
9 operating the vehicle who is not an authorized operator of the vehicle
10 under the rental car contract, regardless of whether the authorized
11 operator of the vehicle under the rental car contract gave permission to
12 the unauthorized person to operate the vehicle. If there is no motor
13 vehicle liability policy covering the unauthorized operator under this
14 subdivision, then,

15 (2) Second, the motor vehicle liability policy or policies, if any, of the
16 authorized operator of the vehicle who permitted the person who was
17 not an authorized operator under the rental car contract to operate the
18 vehicle at the time of the incident giving rise to the liability claim. If
19 both subdivisions (1) and (2) of this subsection are not applicable, then

20 (3) The motor vehicle liability policy or policies, if any, of the rental car
21 company shall be liable for the claim.

22 If the limits of coverage payable under the policy or policies under subdivision (1)
23 of this subsection are insufficient to fully cover the loss, the amount by which
24 the loss exceeds those limits shall be covered by the policy or policies under subdivision
25 (2) of this subsection. If subdivision (2) does not apply, or if the limits of coverage
26 payable under the policy or policies under subdivision (2) are insufficient to fully cover
27 the loss, the amount by which the loss exceeds those limits shall be covered by the policy
28 or policies under subdivision (3) of this subsection.

29 As used in this subsection, the term 'motor vehicle policy or policies' means the same
30 as defined in G.S. 20-279.21(a), and includes any other form of financial responsibility
31 that meets the requirements of this Article."

32 Sec. 2. This act becomes effective October 1, 1995, and applies to all policies
33 written on or after that date.