

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 295
Committee Substitute Favorable 5/9/95

Short Title: Rental Car Ins./Priority Claims.

(Public)

Sponsors:

Referred to:

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) 'Motor vehicle liability policy or policies' means the same as defined in
14 G.S. 20-279.21(a), and includes any other form of financial
15 responsibility that meets the requirements of this Article.

16 (3) 'Rental car company' means an entity engaged in the business of renting
17 vehicles in this State to the general public for a period of 30 days or
18 less.

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

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

8 (b) When a vehicle owned by a rental car company and subject to Article 11 of
9 this Chapter is rented to a person under a rental contract and is operated by an individual
10 not authorized under the contract to operate the vehicle, priority for payment of claims
11 involving the vehicle for which the unauthorized operator is liable shall be as follows:

12 (1) The unauthorized operator of the vehicle, regardless of whether the
13 authorized operator gave permission to the unauthorized operator to
14 operate the vehicle. If the unauthorized operator either is not covered
15 by a motor vehicle liability policy or does not satisfy a settlement or
16 judgment regarding the claim, then,

17 (2) The rental car company. If the rental car company has not complied
18 with Article 11 of this Chapter or does not satisfy a settlement or
19 judgment regarding the claim, then,

20 (3) The authorized operator, if the authorized operator permitted the
21 unauthorized operator to operate the vehicle at the time of the incident
22 giving rise to the claim.

23 If the limits of coverage payable under a policy or policies, if applicable, or the assets
24 of any person liable, under this subsection are insufficient to fully cover the loss, the
25 amount by which the loss exceeds those limits and assets shall be due from the next
26 person specified in this subsection."

27 Sec. 2. This act becomes effective October 1, 1995, and applies to all policies
28 written on or after that date. This act expires October 1, 1999.