

SENATE BILL 324

Introduced by Williams

2/08	Introduced
2/08	Referred to Business & Industry
2/09	First Reading
2/18	Hearing
2/22	Committee Report--Bill Not Passed
2/22	Adverse Committee Report Adopted
2/23	Reconsidered Adoption of Adverse Committee Report
2/25	2nd Reading Do Pass Motion Failed
2/25	2nd Reading Indefinitely Postponed

1 *Senate* BILL NO. *324*  
2 INTRODUCED BY *Walters*

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING THE SALE OF  
5 COLLISION DAMAGE WAIVERS IN CONNECTION WITH PRIVATE  
6 PASSENGER AUTOMOBILE RENTAL AGREEMENTS OF 30 DAYS OR LESS;  
7 AND PROVIDING AN EFFECTIVE DATE."  
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 NEW SECTION. **Section 1.** Short title. [Sections 1  
11 through 6] may be cited as the "Collision Damage Waiver  
12 Model Act".

13 NEW SECTION. **Section 2.** Purpose. The purpose of  
14 [sections 1 through 6] is to prohibit rental car companies  
15 from imposing upon renters liability subject to certain  
16 stated exceptions and to prohibit the sale of collision  
17 damage waivers in connection with private passenger  
18 automobile rental agreements of 30 continuous days or less.

19 NEW SECTION. **Section 3.** Scope. [Sections 1 through 6]  
20 apply to all persons and organizations that rent private  
21 passenger automobiles from locations in this state.

22 NEW SECTION. **Section 4.** Definitions. As used in  
23 [sections 1 through 6], the following definitions apply:

- 24 (1) "Authorized driver" means:  
25 (a) (i) the person to whom the vehicle is rented;

1 (ii) his spouse, if the spouse is a licensed driver and  
2 satisfies the rental company's minimum age requirement; and

3 (iii) his employer or coworker, if the employer or  
4 coworker is engaged in business activity with the person to  
5 whom the vehicle is rented and is a licensed driver who  
6 satisfies the rental company's minimum age requirement;

7 (b) a person who operates the vehicle during an  
8 emergency situation or while parking the vehicle at a  
9 commercial establishment; and

10 (c) a person expressly listed by the rental company on  
11 the rental agreement as an authorized driver.

12 (2) "Damage" means any damage or loss to a rented  
13 vehicle, including loss of use and any costs and expenses  
14 incident to the damage or loss.

15 (3) "Private passenger automobile" or "vehicle" means a  
16 motor vehicle of the private passenger type, including  
17 passenger vans and minivans that are primarily intended for  
18 the transport of persons.

19 (4) "Rental agreement" means a written agreement  
20 setting forth the terms and conditions governing the use of  
21 a private passenger automobile provided by a rental company.

22 (5) "Rental company" means a person or organization in  
23 the business of providing private passenger automobiles to  
24 the public under the terms of a rental agreement.

25 (6) "Renter" means a person or organization that

1 obtains the use of a private passenger automobile from a  
2 rental company under the terms of a rental agreement.

3 NEW SECTION. **Section 5.** Prohibited practices -- venue.

4 (1) In a rental agreement of 30 continuous days or less, a  
5 rental company may not hold an authorized driver liable for  
6 any damage, except if:

7 (a) the damage is caused intentionally by an authorized  
8 driver or results from his willful and wanton misconduct;

9 (b) the damage arises out of the authorized driver's  
10 operation of the vehicle while legally intoxicated or under  
11 the influence of an illegal drug as defined or determined  
12 under the law of the state where the damage occurred;

13 (c) the damage is caused while the authorized driver is  
14 engaged in a speed contest;

15 (d) the rental transaction is based on information that  
16 is supplied by the renter with the intent to defraud the  
17 rental company;

18 (e) the damage arises out of the use of the vehicle  
19 while committing or otherwise engaged in the commission of a  
20 serious crime in which the vehicle is a means or operative  
21 tool of the crime, including transport of illegal contraband  
22 or as a means of escape but excluding minor traffic  
23 violations;

24 (f) the damage arises out of the use of the vehicle to  
25 carry persons or property for hire; or

1 (g) the damage arises out of the use of the vehicle  
2 outside of the United States or Canada unless the use is  
3 specifically authorized by the rental agreement.

4 (2) If a rental company brings an action for damage  
5 against a renter who is a resident of the United States, the  
6 action must be brought in the state and county of the  
7 renter's primary residence.

8 (3) A rental company may not require or request a  
9 security or deposit for damage in any form during the rental  
10 period or pending resolution of any dispute.

11 (4) A rental company may not offer a waiver to provide  
12 coverage for any of the exceptions listed in subsections  
13 (1)(a) through (1)(g).

14 NEW SECTION. **Section 6.** Penalties. A person found by a  
15 court or the commissioner to have violated a provision of  
16 [section 5] shall be fined an amount not less than \$500 or  
17 more than \$1,000 for each violation.

18 NEW SECTION. **Section 7.** Codification instruction.  
19 [Sections 1 through 6] are intended to be codified as an  
20 integral part of Title 33, chapter 23, and the provisions of  
21 Title 33, chapter 23, apply to [sections 1 through 6].

22 NEW SECTION. **Section 8.** Effective date. [This act] is  
23 effective July 1, 1991.

-End-

COMM. ON BUSINESS & INDUSTRY LC 0483/01  
ADVERSE COMMITTEE REPORT  
ON MOTION, PRINTED AND PLACED ON SECOND READING

*Senate* BILL NO. *324*

INTRODUCED BY *Walker*

A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING THE SALE OF COLLISION DAMAGE WAIVERS IN CONNECTION WITH PRIVATE PASSENGER AUTOMOBILE RENTAL AGREEMENTS OF 30 DAYS OR LESS; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Short title.** [Sections 1 through 6] may be cited as the "Collision Damage Waiver Model Act".

NEW SECTION. **Section 2. Purpose.** The purpose of [sections 1 through 6] is to prohibit rental car companies from imposing upon renters liability subject to certain stated exceptions and to prohibit the sale of collision damage waivers in connection with private passenger automobile rental agreements of 30 continuous days or less.

NEW SECTION. **Section 3. Scope.** [Sections 1 through 6] apply to all persons and organizations that rent private passenger automobiles from locations in this state.

NEW SECTION. **Section 4. Definitions.** As used in [sections 1 through 6], the following definitions apply:

- (1) "Authorized driver" means:
- (a) (i) the person to whom the vehicle is rented;

(ii) his spouse, if the spouse is a licensed driver and satisfies the rental company's minimum age requirement; and

(iii) his employer or coworker, if the employer or coworker is engaged in business activity with the person to whom the vehicle is rented and is a licensed driver who satisfies the rental company's minimum age requirement;

(b) a person who operates the vehicle during an emergency situation or while parking the vehicle at a commercial establishment; and

(c) a person expressly listed by the rental company on the rental agreement as an authorized driver.

(2) "Damage" means any damage or loss to a rented vehicle, including loss of use and any costs and expenses incident to the damage or loss.

(3) "Private passenger automobile" or "vehicle" means a motor vehicle of the private passenger type, including passenger vans and minivans that are primarily intended for the transport of persons.

(4) "Rental agreement" means a written agreement setting forth the terms and conditions governing the use of a private passenger automobile provided by a rental company.

(5) "Rental company" means a person or organization in the business of providing private passenger automobiles to the public under the terms of a rental agreement.

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