

FIRST REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 505

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES BYRD AND VILLA (Co-sponsors).

Read 1st time February 19, 2003, and copies ordered printed.

Read 2nd time February 20, 2003, and referred to the Committee on Transportation and Motor Vehicles February 20, 2003.

Reported from the Committee on Transportation and Motor Vehicles March 11, 2003, with recommendation that the bill Do Pass by Consent.

Perfectured by Consent March 18, 2003.

STEPHEN S. DAVIS, Chief Clerk

1544L.01P

AN ACT

To repeal section 407.735, RSMo, and to enact in lieu thereof one new section relating to merchandising practices for motor vehicle rentals and subleasing.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 407.735, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 407.735, to read as follows:

407.735. 1. Any business practices utilized by car rental companies in furtherance of their business of renting vehicles to the public shall be nondeceptive, fair and shall not be unconscionable.

2. Any collision damage waiver product offered for sale to the public shall not contain any provisions that are deceptive, unfair or unconscionable. It is deceptive, unfair, and unconscionable to require a consumer to assume absolute liability for damage or loss up to the total value of a rental vehicle regardless of fault as a condition of the rental agreement, and then not include as part of any collision damage waiver product, a waiver of liability for any damage or loss which occurs as a result of the consumer's ordinary negligence, except where:

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

(2) The damage arises out of the authorized driver's operation of the vehicle while

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law. Matter in boldface type in the above law is proposed language.

13 intoxicated or under the influence of any illegal or unauthorized drug;

14 (3) The rental transaction is based on fraudulent information supplied by the renter;

15 (4) The damage arises out of the use of the vehicle while committing or otherwise
16 engaged in a criminal act in which the automobile usage is substantially related to the nature of
17 the criminal activity;

18 (5) The damage arises out of the use of the vehicle to carry persons or property for hire;

19 (6) The damage occurs while the vehicle is operated by a person other than an authorized
20 driver. For the purposes of this subsection, "authorized driver" means the person to whom the
21 vehicle is rented; the renter's spouse or other family members who are licensed drivers and
22 satisfy the rental company's minimum age requirement; the renter's employer or co-worker if they
23 are engaged in business activity with the person to whom the vehicle is rented, are licensed
24 drivers, and satisfy the rental company's minimum age requirement; any person who operates the
25 vehicle during an emergency situation or while parking the vehicle at a commercial
26 establishment; and any person expressly listed by the rental company on the rental agreement as
27 an authorized driver;

28 (7) The damage arises out of the use of the vehicle outside of the United States unless
29 such use is specifically authorized by the rental agreement;

30 (8) Towing or pushing anything or if operation of the vehicle on an unpaved road has
31 resulted in damage or loss which is a direct result of the road or driving conditions.

32 3. Any claim resulting from physical damage to or loss of a rental vehicle [exceeding
33 five hundred dollars] **must be reasonably and rationally related to the actual loss incurred.**
34 **The rental company shall not assert or collect any claim for damage to or loss of rental**
35 **vehicle which exceeds the actual cash value of the vehicle immediately before the loss, less**
36 **any proceeds from the vehicle's disposal after the loss, or the actual cost to repair the**
37 **damaged vehicle including all discounts or price reductions, whichever is less. Such claim**
38 **shall be based on an estimate of damage or repair invoice made by an independent appraisal**
39 **company [or by], an insurance company, or repair facility that completed or would complete**
40 **the repairs.** A rental company's charge for loss of use shall not exceed a reasonable estimate
41 of the actual income lost.

42 4. It is a deceptive and unfair practice for a car rental company or employee to
43 misrepresent any element of a rental agreement transaction or to fail to disclose to consumers all
44 material facts and restrictions applicable to the rental of a vehicle or in the sale of optional
45 products or services. The company shall disclose the extent of the consumer's liability for the
46 vehicle and the price for collision damage waiver and applicable mileage limitations and charges.
47 No car rental company shall sell or offer to sell a consumer a collision damage waiver product
48 as a part of the rental agreement unless the car rental company first provides the consumer with

49 the following written notice:

50 NOTICE: THIS CONTRACT OFFERS, FOR AN ADDITIONAL CHARGE, A
51 COLLISION DAMAGE WAIVER TO COVER YOUR RESPONSIBILITY FOR DAMAGE
52 TO THE VEHICLE. BEFORE YOU DECIDE WHETHER TO PURCHASE THE COLLISION
53 DAMAGE WAIVER PRODUCT, YOU MAY WISH TO DETERMINE WHETHER YOUR
54 OWN VEHICLE INSURANCE AFFORDS YOU COVERAGE FOR DAMAGE TO THE
55 RENTAL VEHICLE AND THE AMOUNT OF THE DEDUCTIBLE UNDER YOUR OWN
56 INSURANCE COVERAGE. THE PURCHASE OF THIS COLLISION DAMAGE WAIVER
57 PRODUCT IS NOT MANDATORY AND MAY BE DECLINED. Such notice shall be made
58 on the face of the rental agreement as part of the written contract, shall be set apart in bold-face
59 type and in no smaller print than 10-point type, and shall include a space for the consumer to
60 acknowledge his receipt of this notice.

61 5. Car rental companies shall not place a hold against a consumer's credit limit or charge
62 a consumer's credit card in a deceptive or unfair manner, and without full and complete
63 disclosure of such practice.