

Vermont . . .

Department of Banking, Insurance, Securities and Health Care Administration

89 Main Street, Drawer 20

Montpelier, VT 05620-3101

Telephone: (802) 828-3301 Facsimile: (802) 828-3306

BUSINESS ENTITY LIMITED LINES PRODUCER LICENSE FOR RENTAL CAR INSURANCE

REGULATION I-2002-02

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Section 1. Authority

This regulation is promulgated under the authority granted to the Commissioner by Title 8 V.S.A., §§ 15, 4813a(6) and 4813f(b).

Section 2. Purpose

The purpose of this regulation is to establish a business entity limited lines producer license for the sale of rental car insurance and to set forth requirements for the sale of rental car insurance by a rental car company, its employees and representatives.

Section 3. Scope

This regulation governs the sale of rental car insurance by a rental car company and its employees and representatives.

Section 4. Definitions

As used in this regulation:

- A. “Rental Agreement” means any written master, corporate, group or individual agreement setting forth the terms and conditions governing the use of a rental car rented or leased by a rental car company.
- B. “Rental Car” means any motor vehicle that is intended to be rented or leased for a period of 90 consecutive days or less by a driver who is not required to possess a commercial driver’s license to operate the motor vehicle and the motor vehicle is either of the following:
 - 1. A private passenger motor vehicle, including a passenger van, minivan, or sports utility vehicle; or
 - 2. A cargo vehicle, including cargo van, pickup truck, or truck with a gross vehicle weight of less than 26,000 pounds.
- C. “Rental Car Agent” means any rental car company that is licensed to offer, sell or solicit rental car insurance pursuant to this regulation.
- D. “Rental Car Company” means any person or entity primarily in the business of renting motor vehicles to the public.
- E. “Rental Car Insurance” means insurance offered, sold or solicited in connection with and incidental to the rental of rental cars, whether at the rental office or by preselection of coverage in master, corporate, group or individual agreements that:
 - (i) is not transferable; (ii) applies only to the rental car that is the subject of the rental agreement; and (iii) is limited to the following kinds of insurance:
 - 1. Personal accident insurance for renters and other rental car occupants, for accidental death or dismemberment, and for medical expenses resulting from an accident that occurs during the rental period;
 - 2. Liability insurance, which must include uninsured or underinsured motorist coverage that provides protection to the renters and to other authorized drivers of a rental car during the rental period;
 - 3. Personal effects insurance that provides coverage to renters and other vehicle occupants for the loss of, or damage to, personal effects in the rental car for liability arising from the operation of the rental car during the rental period;
 - 4. Roadside assistance and emergency sickness protection insurance; and

5. Such other travel or vehicle related coverage that a rental car company may offer in connection with, and incidental to, the rental of a rental car as may be approved by the Commissioner.

Section 5. General Rules

- A. No rental car company, and no officer, director, employee or agent of a rental car company, shall offer, sell, or solicit the purchase of rental car insurance unless that rental car company and/or person is licensed as an insurance producer pursuant to Title 8 V.S.A, § Chapter 131, or such rental car company and/or person is in compliance with the requirements of this regulation.
- B. The Commissioner may issue to a rental car company that has complied with the requirements of this regulation, a limited lines business entity license that authorizes the rental car company to act as a rental car agent in accordance with the provisions of this regulation, in connection to rental agreements, on behalf of any insurer authorized to write such business in this State.

Section 6. Licensing

In order for a rental car company to obtain a business entity limited lines producer license for the sale of rental car insurance, it must:

- A. Submit an application and fees for licensure as required under Title 8 V.S.A., § Chapter 131. Such application must be signed by an officer of the business entity;
- B. Have designated a licensed producer who is a natural person and appointed by insurer in subsection D of this paragraph, to be responsible for the business entity's compliance with the insurance laws and regulations of this state;
- C. Submit a certificate by an appointing insurer, stating that the insurer has satisfied itself that the named applicant is trustworthy and competent to act as its rental car agent; that the insurer has reviewed the employee/representative training and education requirements for conformity with the requirements set forth in section 7C. of this regulation, and that the insurer will appoint the applicant to act as its rental car agent. An officer of the insurer shall execute the certification; and
- D. Be appointed by an insurer to act as its agent.

Section 7. Rental Car Company Employees

- A. An employee or representative of a rental car agent may be authorized to offer, sell or solicit rental car insurance under the authority of the rental car insurance business entity limited lines producer license if all of the following conditions have been satisfied:

1. The employee or representative is 18 years of age or older; and
 2. The employee or representative has completed a training and education program.
- B. A rental car agent is responsible for all actions of its employees and representatives relating to the offering, sale or solicitation of rental car insurance. The conduct of an employee or a representative related to insurance shall be deemed to be the conduct of the rental car agent for purposes of this regulation.
- C. Each rental car agent shall provide a training and education program for each employee or representative prior to allowing such person to offer, sell or solicit rental car insurance which shall meet the following minimum standards:
1. Include instruction about the kinds of insurance specified in the regulation that are offered for sale to prospective renters; and
 2. Provide training about the requirements and limitations imposed on car rental agents and employees. This training shall include specific instruction that the employee is prohibited by law from making any statement or engaging in any conduct, express or implied, that would lead a consumer to believe:
 - (i) That the purchase of rental car insurance is required in order for the renter to rent a motor vehicle;
 - (ii) That the renter does not have insurance policies in place that already provide the coverage being offered by the rental car company; and
 - (iii) That the employee/agent is qualified to evaluate the adequacy of the renter's existing coverage as it relates to rental.

Section 8. Rental Car Agent Requirements

No insurance may be offered, sold, or solicited pursuant to this regulation unless:

- A. The rental period of the rental agreement is 90 consecutive days or less.
- B. At every location where rental agreements are executed, the rental car agent provides brochures or other written materials to each renter who purchases rental car insurance that clearly, conspicuously and in plain language:
 1. Summarizes the material terms, exclusions, limitations and conditions of coverage, including the identity of the insurer;

2. Describes the process for filing a claim, including a toll-free telephone number to report a claim;
 3. Informs the consumer that the rental car insurance offered, sold, or solicited by the rental car agent may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, or by another source of coverage;
 4. Informs the consumer that the purchase by the renter of the rental car insurance is not required in order to rent a rental car from the rental agent; and
 5. Informs the consumer that neither the rental car agent nor the rental car agent's employees or representatives are qualified to evaluate the adequacy of the renter's existing insurance coverages.
- C. Evidence of the rental car insurance coverage is stated on the face of the rental agreement.
- D. All costs for the rental car insurance are separately itemized in the rental agreement.
- E. For transactions conducted by electronic means, the rental car agent must prominently notify the consumer of the brochure and make access to it easy.

Section 9. Rental Car Agent Prohibitions

A rental car agent shall not:

- A. Offer, sell, or solicit the purchase of insurance except in conjunction with and incidental to rental car agreements;
- B. Advertise, represent, or otherwise portray itself or any of its employees or representatives as licensed producers;
- C. Pay any person, including rental car agent employees or representatives, any compensation, fee, or commission that is dependent solely on the placement of insurance under the license issued pursuant to this regulation;
- D. Make any statement or engage in any conduct, express or implied, that would lead a consumer to believe:
 1. That the insurance coverage offered by the rental car agent does not provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, or by another source of coverage;

2. That the purchase by the renter of rental car insurance is required in order to rent a rental car from the rental agent; and
3. That the rental car agent or the rental car agent's employees or representatives are qualified to evaluate the adequacy of the renter's existing insurance coverages.

Section 10. Trust Accounts

A rental car agent shall not be required to establish trust accounts for moneys collected from renters purchasing rental car insurance, provided that the charges for rental car insurance coverage are itemized and ancillary to rental transaction.

Section 11. Effective Date

This regulation shall take effect on October 10, 2003.

John P. Crowley, Commissioner