

CHAPTER 88

INSURANCE

SENATE BILL 98-118

BY SENATOR Powers;
also REPRESENTATIVE Paschall.

AN ACT

CONCERNING CLARIFYING THAT PERSONS WHOSE BUSINESS CONSISTS PRIMARILY OF RENTING MOTOR VEHICLES FOR TRANSPORTATION PURPOSES NEED NOT BE LICENSED UNDER STATUTES GOVERNING LICENSURE OF PERSONS TRANSACTING INSURANCE BUSINESS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly finds, determines, and declares that:

(a) This act is necessary to clarify that motor vehicle rental companies are not and have not been engaged in the transaction of "insurance business" within the intended meaning of sections 10-3-105 and 10-3-903, Colorado Revised Statutes.

(b) The passage of this act, in and of itself, should not be construed to imply that any act or practice that took place before the effective date of this act and that did not comply with the restrictions in this act constituted the transaction of insurance business.

(c) This act shall be liberally construed to effectuate its purpose.

SECTION 2. 10-1-102 (8.5), Colorado Revised Statutes, is amended, and the said 10-1-102 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

10-1-102. Definitions. As used in this title, unless the context otherwise requires:

(8.3) "MOTOR VEHICLE RENTAL AGREEMENT" MEANS AN AGREEMENT FOR THE RENTAL OF A MOTOR VEHICLE FOR TRANSPORTATION PURPOSES, FOR A PERIOD OF NO MORE THAN NINETY DAYS, IN RETURN FOR A FEE THAT IS CALCULATED ON A DAILY,

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

WEEKLY, OR MONTHLY BASIS.

(8.5) "Motor vehicle rental company" means an entity that is in the business of renting, PURSUANT TO MOTOR VEHICLE RENTAL AGREEMENTS, motor vehicles ~~to any person for transportation purposes for a fee that is calculated pursuant to a rental agreement that is known, for purposes of this title, as a "motor vehicle rental agreement"~~ THAT DO NOT COME WITHIN THE DEFINITION OF A COMMERCIAL MOTOR VEHICLE AS SET FORTH IN SECTION 42-2-402 (4), C.R.S.

SECTION 3. 10-2-105 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

10-2-105. Insurance producer - exemption from definition. (1) Notwithstanding section 10-2-103 (6), "insurance producer" does not include the following:

(g) OFFICERS OR EMPLOYEES OF A MOTOR VEHICLE RENTAL COMPANY THAT OFFERS COVERAGE IN CONNECTION WITH AND INCIDENTAL TO THE RENTAL OF MOTOR VEHICLES UNDER MOTOR VEHICLE RENTAL AGREEMENTS, SO LONG AS SUCH COVERAGE IS:

(I) OFFERED AT THE POINT OF THE RENTAL TRANSACTION OR BY PRESELECTION OF COVERAGE IN MASTER, CORPORATE, GROUP, OR INDIVIDUAL RENTAL AGREEMENTS;

(II) LIMITED IN SCOPE TO THE PARTIES TO SUCH MOTOR VEHICLE RENTAL AGREEMENTS AND TO OTHER AUTHORIZED DRIVERS OR OCCUPANTS OF THE VEHICLES BEING RENTED;

(III) LIMITED IN DURATION TO COVERAGE OF DAMAGES INCURRED AS A RESULT OF EVENTS OCCURRING DURING THE RENTAL PERIOD; AND

(IV) FOR TRADITIONALLY RECOGNIZED RISKS ASSOCIATED WITH MOTOR VEHICLE OPERATION AND TRAVEL, INCLUDING, WITHOUT LIMITATION, PERSONAL INJURY OR DEATH, PERSONAL LIABILITY AND PROPERTY DAMAGE, COLLISION, DAMAGE TO OR LOSS OF PERSONAL EFFECTS, ROADSIDE ASSISTANCE, AND EMERGENCY REPAIRS.

SECTION 4. 10-3-903 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

10-3-903. Definition of transacting insurance business. (2) The provisions of this section do not apply to:

(j) THE SALE OF AUTHORIZED INSURANCE BY AGENTS OF A MOTOR VEHICLE RENTAL COMPANY IF SUCH SALE COMPLIES WITH THE LIMITATIONS SET FORTH IN SECTION 10-2-105 (1) (g).

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 10, 1998