

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 910 by Representative Barrow

INSURANCE/AUTOMOBILE: Provides relative to insurance coverage on rental vehicles

Synopsis of Senate Amendments

1. Specifies that insurance coverage shall extend to rental motor vehicles rather than to rental private passenger automobiles.
2. Specifies that such extended coverage shall apply to temporary substitute motor vehicles as defined in the applicable insurance policy.

Digest of Bill as Finally Passed by Senate

Present law requires that automobile comprehensive, collision, and liability insurance coverages extend to temporary substitute vehicles and rental private passenger automobiles on a primary basis unless other automobile insurance coverage is purchased by the insured for that vehicle.

Proposed law retains present law but additionally requires rental car companies to maintain mandatory minimum insurance on their vehicles. However, provides that such insurance shall apply only when there is no other valid or collectible insurance meeting the minimum financial responsibility requirement. Further provides that such financial responsibility protection for third party liability claims against renters and drivers applies only if the renter or driver is not in violation of the rental agreement, if the renter or driver is not otherwise insured to satisfy the minimum financial responsibility laws, and if the third party claimant does not have uninsured or underinsured motorist coverage.

Proposed law further specifies that insurance coverage shall extend to rental motor vehicles rather than rental private passenger automobiles and specifies that such extended coverage shall apply to temporary substitute motor vehicles as defined in the applicable insurance policy.

Proposed law provides that it shall not be construed to:

- (1) Limit a rental car company from providing by contract that the renter or driver shall assume responsibility for all claims if the renter or driver is already insured.
- (2) Prohibit a rental car company from pursuing the renter or driver for indemnity or contribution or both.
- (3) Obligate a rental car company to defend renters or drivers.
- (4) Subject a rental car company to present law relative to direct action, prompt payment, and adjustment of claims, or bad faith.

Proposed law further provides that if a rental car company provides minimum financial responsibility for third party claims against renters and drivers, it shall not be required to extend uninsured or underinsured motorist coverage.

(Amends R.S. 22:681)