

FEB 11 2000

TRANSPORTATION

HOUSE FILE 2234
BY VAN FOSSEN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to motor vehicle rental companies.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2234

1 Section 1. Section 516D.4, subsection 1, unnumbered
2 paragraph 1, Code 1999, is amended to read as follows:

3 A rental company shall not hold~~, or attempt to hold,~~ an
4 authorized driver liable for physical damage to a rental
5 vehicle, loss due to theft of a rental vehicle, or damages
6 resulting from the loss of use of a rental vehicle, unless the
7 rental company offers the customer a collision damage waiver
8 under the terms and conditions described in subsection 2 of
9 this section, or unless one or more of the following applies:

10 Sec. 2. Section 516D.4, subsection 1, paragraph i, Code
11 1999, is amended to read as follows:

12 i. The damage or loss is attributable to theft or theft of
13 services which occurs with or without the prior knowledge or
14 knowing participation of an authorized driver, or which is
15 attributable to the authorized driver leaving the rental
16 vehicle unattended with the keys ~~in-the-rental-vehicle~~
17 unsecured.

18 Sec. 3. Section 516D.4, subsection 2, paragraph d,
19 unnumbered paragraph 1, Code 1999, is amended to read as
20 follows:

21 The car rental company shall not pay commissions to a
22 rental counter agent or representative for selling collision
23 damage waivers ~~and-is-prohibited-from-considering-volume-of~~
24 ~~sales-of-collision-damage-waivers-in-an-employee-evaluation-or~~
25 ~~determination-of-promotion.~~ This paragraph does not apply to
26 profits or profit sharing and does not prohibit payments to
27 management, owners, stockholders, or principals of rental
28 companies for selling collision damage waivers.

29 Sec. 4. Section 516D.4, subsection 2, paragraph d,
30 unnumbered paragraph 2, Code 1999, is amended by striking the
31 unnumbered paragraph.

32 Sec. 5. Section 516D.7, subsection 7, unnumbered paragraph
33 1, Code 1999, is amended to read as follows:

34 Failure to disclose the following material restrictions,
35 where applicable, in response to direct consumer inquiries

1 ~~regarding the price of renting a vehicle, when the rental~~
2 ~~company discloses a vehicle rental rate, and at the time the~~
3 ~~reservation is accepted:~~

4 EXPLANATION

5 This bill amends several Code provisions relating to the
6 rental of motor vehicles. Code section 516D.4, relating to
7 liability for rental vehicle collision damage and loss, is
8 amended by striking a provision prohibiting a rental company
9 from attempting to hold a driver liable for physical damage to
10 a rental vehicle, loss due to theft of a rental vehicle, or
11 damages resulting from the loss of use of a rental vehicle
12 unless the rental company offers the customer a collision
13 damage waiver. A rental company is still prohibited from
14 holding a driver liable for such losses.

15 Code section 516D.4 provides several exceptions to the
16 provision prohibiting a rental company from holding a driver
17 liable for collision damage or loss. The bill modifies an
18 exception for situations when the damage or loss is due to
19 theft which occurs with the knowledge or participation of an
20 authorized driver or due to an authorized driver leaving the
21 rental vehicle unattended with the keys in the vehicle to
22 provide that the exception applies to damage or loss due to
23 theft or theft of services which occur with or without the
24 knowledge or participation of an authorized driver or due to
25 an authorized driver leaving the vehicle unattended with the
26 keys unsecured. The bill strikes a provision prohibiting a
27 rental company from holding an authorized driver liable for
28 damage or loss due to theft except when an authorized driver
29 knew of or participated in the theft or left the rental
30 vehicle unattended with the keys in the vehicle, regardless of
31 whether the rental company offered the customer a collision
32 damage waiver.

33 The bill strikes a provision in Code section 516D.4
34 prohibiting a rental company from considering the volume of
35 sales of collision damage waivers in employee evaluations or

1 promotions. The bill also adds a provision exempting profits
2 or profit sharing and payments to management, owners,
3 stockholders, or principals of rental companies from the
4 prohibition on paying commissions to a rental counter agent or
5 representative for selling collision damage waivers.

6 The bill amends a provision in Code section 516D.7
7 providing that failure to disclose certain material
8 restrictions regarding the rental of vehicles in response to
9 direct consumer inquiries regarding the price of renting a
10 vehicle, when the rental company discloses a vehicle rate and
11 at the time a reservation is accepted, is an unfair or
12 deceptive act or practice in the advertisement or rental of
13 vehicles. The bill eliminates the requirement that the rental
14 company disclose the material restrictions at the time the
15 rental company discloses a vehicle rate and at the time the
16 reservation is accepted and requires the direct consumer
17 inquiries to be in regard to the particular material
18 restrictions.

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