

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 2154 Session of  
1986

INTRODUCED BY STABACK, MANDERINO, LETTERMAN, BELARDI, SERAFINI,  
BELFANTI, BLAUM, JAROLIN, CAPPABIANCA, LAUGHLIN, McCALL,  
BORTNER, COLAFELLA, YANDRISEVITS, BURNS, GALLAGHER, HALUSKA,  
HOWLETT, PISTELLA, TRELLO, TRUMAN, JOSEPHS, SEVENTY AND  
TIGUE, FEBRUARY 11, 1986

SENATOR HOLL, BANKING AND INSURANCE, IN SENATE, AS AMENDED,  
SEPTEMBER 23, 1986

AN ACT

1 Requiring persons engaged in the rental of motor vehicles who  
2 arrange liability coverage for the lessee to ensure that  
3 certain coverage is included; ~~and~~ imposing liability for <—  
4 failure to do so; AND REGULATING COLLISION DAMAGE WAIVER <—  
5 PROVISIONS OF RENTAL AGREEMENTS.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 ~~Section 1. Duty of lessor of motor vehicle who arranges~~ <—  
9 ~~liability insurance coverage.~~

10 ~~Any person engaged in the rental of motor vehicles who, at~~  
11 ~~the time of rental, arranges liability insurance coverage for~~  
12 ~~the lessee shall have a duty to ensure that the arranged~~  
13 ~~insurance contract does not deny coverage in the event that the~~  
14 ~~ability of the driver has been impaired by drugs or alcohol. It~~  
15 ~~shall be the further duty of the lessor to ensure that, in the~~  
16 ~~event the rented motor vehicle is not returned during the~~  
17 ~~contracted rental period, the arranged liability insurance~~

1 ~~coverage for the lessee continues until such time as the motor~~  
2 ~~vehicle is reported to the police as stolen.~~

3 ~~Section 2. Liability.~~

4 ~~Failure of a person engaged in the rental of motor vehicles~~  
5 ~~to comply with section 1 shall, as a matter of law, render such~~  
6 ~~person responsible for any liability arising out of the use of~~  
7 ~~the motor vehicle for which the lessee would otherwise be~~  
8 ~~responsible.~~

9 ~~Section 3. Effective date.~~

10 ~~This act shall take effect in 60 days.~~

11 SECTION 1. LIMITATION ON EXCLUSION OF CERTAIN BENEFITS UNDER <—  
12 INSURANCE POLICIES COVERING MOTOR VEHICLE RENTAL  
13 AGREEMENTS.

14 NO MOTOR VEHICLE RENTED OR LEASED FROM ANY LOCATION IN THIS  
15 COMMONWEALTH MAY BE INSURED BY AN INSURANCE POLICY WHICH  
16 EXCLUDES INSURANCE BENEFITS IF THE LESSEE CAUSES A VEHICULAR  
17 ACCIDENT WHILE UNDER THE INFLUENCE OF DRUGS OR INTOXICATING  
18 BEVERAGES AT THE TIME OF THE ACCIDENT.

19 SECTION 2. DUTY OF LESSOR OF MOTOR VEHICLE WHO ARRANGES  
20 LIABILITY INSURANCE COVERAGE.

21 ANY PERSON ENGAGED IN THE RENTAL OF MOTOR VEHICLES FROM  
22 LOCATIONS IN THIS COMMONWEALTH WHO, AT THE TIME OF RENTAL,  
23 ARRANGES LIABILITY INSURANCE COVERAGE FOR THE LESSEE SHALL HAVE  
24 A DUTY TO ENSURE THAT THE ARRANGED INSURANCE CONTRACT DOES NOT  
25 DENY COVERAGE IN THE EVENT THAT THE ABILITY OF THE DRIVER HAS  
26 BEEN IMPAIRED BY DRUGS OR ALCOHOL. IT SHALL BE THE FURTHER DUTY  
27 OF THE LESSOR TO ENSURE THAT, IN THE EVENT THE RENTED MOTOR  
28 VEHICLE IS NOT RETURNED DURING THE CONTRACTED RENTAL PERIOD, THE  
29 ARRANGED LIABILITY INSURANCE COVERAGE FOR THE LESSEE AND ANY  
30 OTHER LIABILITY INSURANCE ON THE RENTED VEHICLE CONTINUES UNTIL

1 SUCH TIME AS THE MOTOR VEHICLE IS REPORTED TO THE POLICE AS  
2 STOLEN.

3 SECTION 3. LIABILITY OF MOTOR VEHICLE LESSOR.

4 FAILURE OF A PERSON ENGAGED IN THE RENTAL OF MOTOR VEHICLES  
5 TO COMPLY WITH SECTIONS 1 AND 2 SHALL, AS A MATTER OF LAW,  
6 RENDER SUCH PERSON RESPONSIBLE FOR THE MANDATED MINIMUM LIMITS  
7 OF FINANCIAL RESPONSIBILITY SET FORTH IN THE MOTOR VEHICLE  
8 FINANCIAL RESPONSIBILITY LAW ARISING OUT OF THE USE OF THE MOTOR  
9 VEHICLE FOR WHICH THE LESSEE WOULD OTHERWISE BE RESPONSIBLE.

10 SECTION 4. RESTRICTIONS ON COLLISION DAMAGE WAIVERS AS PART OF  
11 MOTOR VEHICLE RENTAL AGREEMENTS.

12 NO PERSON ENGAGED IN THE BUSINESS OF LEASING RENTAL MOTOR  
13 VEHICLES FROM LOCATIONS IN THIS COMMONWEALTH SHALL ISSUE OR  
14 DELIVER IN THE COMMONWEALTH SEPARATE FROM OR AS PART OF A MOTOR  
15 VEHICLE RENTAL AGREEMENT A COLLISION DAMAGE WAIVER WHEREBY THE  
16 LESSOR AGREES, FOR A CHARGE, TO WAIVE ANY AND ALL CLAIMS AGAINST  
17 THE LESSEE FOR ANY DAMAGE CAUSED TO THE LEASED VEHICLE DURING  
18 THE TERM OF THE RENTAL AGREEMENT UNLESS:

19 (1) THE COLLISION DAMAGE WAIVER IS WRITTEN IN SIMPLE AND  
20 READABLE WORDS WITH COMMON MEANINGS AND IS UNDERSTANDABLE.

21 (2) THE TERMS OF THE COLLISION DAMAGE WAIVER ARE  
22 PROMINENTLY DISPLAYED, INCLUDING, BUT NOT LIMITED TO, ANY  
23 CONDITIONS AND EXCLUSIONS APPLICABLE TO THE COLLISION DAMAGE  
24 WAIVER. THE COLLISION DAMAGE WAIVER MAY EXCLUDE DAMAGE CAUSED  
25 INTENTIONALLY BY THE LESSEE OR AS A RESULT OF HIS OR HER  
26 WILLFUL OR WANTON MISCONDUCT.

27 (3) THE COLLISION DAMAGE WAIVER INCLUDES A STATEMENT OF  
28 THE TOTAL CHARGE FOR THE PERIOD IN QUESTION.

29 (4) THE AGREEMENT CONTAINING THE COLLISION DAMAGE WAIVER  
30 DISPLAYS THE FOLLOWING NOTICE ON THE FACE OF THE AGREEMENT,

1 SET APART AND IN BOLDFACE TYPE AND IN NO SMALLER PRINT THAN  
2 TEN-POINT TYPE:

3 NOTICE: THIS CONTRACT OFFERS, FOR AN ADDITIONAL CHARGE,  
4 A COLLISION DAMAGE WAIVER TO COVER YOUR RESPONSIBILITY  
5 FOR DAMAGE TO THE VEHICLE. BEFORE DECIDING WHETHER TO  
6 PURCHASE THE COLLISION DAMAGE WAIVER, YOU MAY WISH TO  
7 DETERMINE WHETHER YOUR OWN AUTOMOBILE INSURANCE AFFORDS  
8 YOU COVERAGE FOR DAMAGE TO THE RENTAL VEHICLE AND THE  
9 AMOUNT OF THE DEDUCTIBLE UNDER YOUR OWN INSURANCE  
10 COVERAGE. THE PURCHASE OF THIS COLLISION DAMAGE WAIVER IS  
11 NOT MANDATORY AND MAY BE WAIVED.

12 SECTION 5. UNFAIR TRADE PRACTICES.

13 THE INSURANCE COMMISSIONER MAY ORDER ANY PERSON ENGAGED IN  
14 THE BUSINESS OF LEASING RENTAL MOTOR VEHICLES TO CEASE AND  
15 DESIST FROM ENGAGING IN THE FOLLOWING UNFAIR TRADE PRACTICES:

16 (1) THE MAKING OF ANY FALSE OR MISLEADING STATEMENTS  
17 EITHER ORALLY OR IN WRITING, IN CONNECTION WITH THE SALE,  
18 OFFER TO SELL, OR ADVERTISEMENT OF A COLLISION DAMAGE WAIVER.

19 (2) THE OMISSION OF ANY MATERIAL STATEMENT IN CONNECTION  
20 WITH THE SALE, OFFER TO SELL, OR ADVERTISEMENT OF A COLLISION  
21 DAMAGE WAIVER, WHICH UNDER THE CIRCUMSTANCES SHOULD HAVE BEEN  
22 MADE IN ORDER TO MAKE THE STATEMENTS THAT WERE MADE NOT  
23 MISLEADING.

24 (3) THE MAKING OF ANY STATEMENT THAT THE PURCHASE OF A  
25 COLLISION DAMAGE WAIVER IS MANDATORY.

26 (4) THE FAILURE TO PROVIDE PROPER DISCLOSURE THAT THE  
27 PURCHASE OF A COLLISION DAMAGE WAIVER MAY BE DUPLICATIVE OF  
28 THE LESSEE'S AUTOMOBILE INSURANCE CONTRACT.

29 SECTION 6. PENALTIES.

30 ANY PERSON ENGAGED IN THE BUSINESS OF LEASING RENTAL MOTOR

1 VEHICLES FOUNDED BY THE INSURANCE COMMISSIONER AFTER NOTICE AND  
2 HEARING TO HAVE VIOLATED OR ATTEMPTED TO VIOLATE ANY PROVISION  
3 OF SECTIONS 4 AND 5, MAY BE ORDERED TO PAY A PENALTY. THE  
4 ISSUANCE, PROCUREMENT OR NEGOTIATION OF A SINGLE COLLISION  
5 DAMAGE WAIVER SHALL BE DEEMED A SEPARATE VIOLATION. A PENALTY  
6 NOT TO EXCEED \$500 MAY BE IMPOSED FOR EACH VIOLATION PROVIDED  
7 THAT THE PENALTY IMPOSED FOR A SERIES OF VIOLATIONS SHALL BE NO  
8 LESS THAN \$500 AND NO MORE THAN \$10,000. AN ADDITIONAL PENALTY,  
9 NOT TO EXCEED \$2,500, MAY BE IMPOSED FOR EACH VIOLATION IN WHICH  
10 THE COMMISSIONER FINDS THAT THERE WAS A KNOWING VIOLATION OF ANY  
11 PROVISIONS OF SECTIONS 4 AND 5.

12 SECTION 7. EFFECTIVE DATE.

13 THIS ACT SHALL TAKE EFFECT IN 120 DAYS.