

**HOUSE BILL NO. 1191**

Introduced by

Representatives Wald, Keiser, Svedjan

Senators Horne, Klein, Nodland

1 A BILL for an Act to amend and reenact section 26.1-40-17.1 of the North Dakota Century  
2 Code, relating to insurance coverage for rental vehicles.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 26.1-40-17.1 of the North Dakota Century Code  
5 is amended and reenacted as follows:

6 **26.1-40-17.1. Motor vehicle liability policy - Rental vehicles covered.**

- 7 1. Every motor vehicle liability insurance policy, as required by section 39-08-20,  
8 covering noncommercial private passenger motor vehicles must provide that all of  
9 the obligation for damage and loss of use to a rented private passenger vehicle will  
10 be covered by the property damage liability portion of the policy and subject to that  
11 policy limit. The obligation of the policy must not be contingent on fault or  
12 negligence of the insured. For purposes of this section, private passenger motor  
13 vehicle includes station wagons, minivans, vans, trucks not exceeding twenty-six  
14 thousand pounds [11793.40 kilograms], motor homes not exceeding thirty-two feet  
15 [9.75 meters], and pickups, and does not include motor homes exceeding  
16 thirty-two feet [9.75 meters], motorcycles, or trucks ~~other than pickups~~ exceeding  
17 twenty-six thousand pounds [11793.40 kilograms].
- 18 2. A vehicle is rented for purposes of this section if the vehicle is rented under an  
19 agreement for thirty continuous days or less.
- 20 3. The policy or certificate issued by the insurer must inform the insured of the  
21 application of the insurance policy to rental vehicles and that the insured may not  
22 need to purchase additional coverage from the rental company.
- 23 4. If an insured has two or more vehicles covered by a plan or plans of liability  
24 insurance containing the rented motor vehicle coverage required under

1 subsection 1, the insured may select the policy that the insured wishes to collect  
2 from and the insurer that issued that plan is entitled to a pro rata contribution from  
3 any other plan or insurers based upon the property damage limits of liability. If the  
4 person renting the motor vehicle is also covered by that person's employer's  
5 insurance policy or the employer's automobile self-insurance plan, the insurer or  
6 obligor under the employer's policy or self-insurance plan has primary  
7 responsibility to pay claims arising from use of the rented vehicle.

8 ~~5. A notice advising the insured of rental vehicle coverage must be given by the~~  
9 ~~insurer to each current insured with their first renewal notice following July 6, 1989.~~  
10 ~~The notice must be approved by the insurance commissioner. The commissioner~~  
11 ~~may specify the form of the notice.~~

12 ~~6-~~ A rental car company may not require as a condition to its rental contract that the  
13 renter make a deposit for a prior payment of damage to the rented vehicle or loss  
14 of use of that vehicle.

15 ~~7-~~ 6. For each day a damaged vehicle is out of service because of damage to the  
16 vehicle while rented to others, the rental car company is entitled to collect ~~sixty~~  
17 ~~percent~~ of the daily rental fee applicable to the contract in force when the car was  
18 damaged, but not to exceed fifteen days. Notwithstanding any other provision of  
19 law, in addition to repair costs, a rental car company is entitled to collect as a  
20 measure of damages the diminution in value from market value immediately before  
21 the damage to the market value after repair, up to ten percent of the cost of the  
22 motor vehicle when new.