

RULE AND REGULATION 14
LIMITED LICENSE FOR RENTAL COMPANIES

Agency # 054.00

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SECTION 1. PURPOSE

The purpose of this Rule and Regulation is to establish requirements and standards for a limited license for rental companies by the Commissioner. The Commissioner may issue to a rental company a limited license authorizing the limited licensee to offer or sell insurance in connection with the rental of vehicles.

SECTION 2. AUTHORITY

This Rule is issued under the authority vested in the Commissioner of Insurance ("Commissioner") by Ark. Code Ann. Section 23-64-304(a).

SECTION 3. EFFECTIVE DATE

This Rule and Regulation shall be effective December 1, 1999.

SECTION 4. APPLICABILITY

This rule shall be applicable to those rental companies holding a limited license pursuant to Ark. Code Ann. § 23-64-205.

SECTION 5. DEFINITIONS

(A) "Limited license" means the authority of a person or entity authorized to sell certain coverages relating to the rental of vehicles pursuant to the provisions of this subsection.

(B) "Rental agreement" means any written agreement setting forth the terms and conditions governing the use of a vehicle provided by the rental company for rental or lease.

(C) "Rental company" means any person or entity in the business of providing primarily private passenger vehicles to the public under a rental agreement for a period not to exceed ninety (90) days.

(D) "Renter" means any person obtaining the use of a vehicle from a rental company under the terms of a rental agreement for a period not to exceed ninety (90) days.

(E) "Vehicle" or "rental vehicle" means a motor vehicle of the private passenger type including passenger vans, minivans and sport utility vehicles, and of the cargo type, including cargo vans, pick up trucks and trucks with a gross vehicle weight of less than twenty-six thousand (26,000) pounds, and which do not require the operator to possess a commercial driver's license.

(F) "Rental period" means the term of the rental agreement.

SECTION 6. ISSUANCE OF LICENSE TO RENTAL COMPANY

For issuance of a limited license the applicant shall file a written application with the commissioner for a limited license. The application shall be signed by an officer of the applicant and containing such information as the commissioner may prescribe. Pursuant to the Administrative and Regulatory Fee in Ark. Code Ann. §23-61-706(b), the licensing fee for non-resident and resident rental companies shall be \$35.00 each year. The license of rental companies shall be renewed each year on the anniversary date of licensure.

SECTION 7. VIOLATION AND PENALTY

If any provision of this subsection is violated by a limited licensee, the commissioner may:

(A) After notice and a hearing, revoke or suspend a limited license issued under this subsection in accordance with the provisions of law; or

(B) After notice and hearing, impose such other penalties, including suspending the transaction of insurance at specific rental locations where violations of this subsection have occurred, as the commissioner deems to be necessary or convenient to carry out the purposes of this subsection.

SECTION 8. AUTHORITY OF RENTAL COMPANY WITH LIMITED LICENSE

The rental company licensed pursuant to this subsection may offer or sell insurance underwritten by a licensed insurer or authorized surplus lines carrier only in connection with and incidental to the rental of vehicles. These provisions apply whether rental occurs at the rental office or by pre-selection of coverage in a master, corporate, group rental, or individual agreement in any of the following general categories:

- (A) Personal accident insurance covering the risks of travel, including but not limited to accident and health insurance that provides coverage, as applicable, to renters and other rental vehicle occupants for accidental death or dismemberment and reimbursement for medical expenses resulting from an accident that occurs during the rental period;
- (B) Liability insurance, which, at the exclusive option of the rental company, may include uninsured and underinsured motorist coverage whether offered separately or in combination with other liability insurance, that provides coverage, as applicable, to renters and other authorized drivers of rental vehicles for liability arising from the operation of the rental vehicle;
- (C) Personal effects insurance that provides coverage, as applicable, to renters and other vehicle occupants for the loss of, or damage to, personal effects that occurs during the rental period;
- (D) Roadside assistance and emergency sickness protection programs; and
- (E) Any other travel or auto-related coverage that a rental company offers in connection with and incidental to the rental of vehicles.

SECTION 9. RESTRICTIONS ON TYPE OF INSURANCE RENTAL COMPANY HAS AUTHORITY TO ISSUE

A limited licensee can only issue insurance if it meets the following provisions:

- (A) The rental period of the rental agreement does not exceed ninety (90) consecutive days; and
- (B) At every rental location where rental agreements are executed, brochures or other written materials are readily available to the prospective renter that:
 - (i) Summarize, clearly and correctly, the material terms of coverage offered to renters, including the identity of the insurer;
 - (ii) Disclose that the coverage offered by the rental company may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage;
 - (iii) State that the purchase by the renter of the kinds of coverage specified in this subsection is not required in order to rent a vehicle; and
 - (iv) Describe the process for filing a claim in the event the renter elects to purchase coverage and in the event of a claim.
- (C) Evidence of coverage is disclosed within the rental agreement provided to every renter who elects to purchase such coverage.

SECTION 10. AUTHORITY OF EMPLOYEE OF RENTAL COMPANY

Any limited license issued under this subsection shall also authorize any employee of the limited licensee to act individually on behalf, and under the supervision of the limited licensee with respect to the kinds of coverage specified in this subsection.

SECTION 11. TRAINING OF EMPLOYEE OF RENTAL COMPANY

Each rental company licensed pursuant to this subsection shall conduct a training program in which employees being trained shall receive basic instruction about the kinds of coverage specified in this subsection and offered for purchase by prospective renters of rental vehicles.

SECTION 12. FUNDS DO NOT NEED TO BE TREATED AS FUNDS ACCEPTED IN A FIDUCIARY CAPACITY

Notwithstanding any other provision of this subsection, or any rule adopted by the commissioner, a limited licensee pursuant to this subsection shall not be required to treat monies collected from renters purchasing such insurance when renting vehicles as funds received in a fiduciary capacity, provided that the charges for coverages shall be itemized and be ancillary to a rental transaction. The sale of insurance not in conjunction with a rental transaction shall not be permitted.

SECTION 13. RENTAL COMPANY SHALL NOT ACT AS A LICENSED INSURER, AGENT OR BROKER

No limited licensee under this subsection shall advertise, represent, or otherwise hold itself or any of its employees out as licensed insurers, insurance agents or insurance brokers.

(signed by Commissioner Pickens)
MIKE PICKENS
INSURANCE COMMISSIONER
STATE OF ARKANSAS

(signed November 10, 1999)
DATE

**INSTRUCTIONS
FOR
RENTAL CAR COMPANY APPLICATION FOR LICENSE**

1. Complete form AR-RC (8-99). All lines of questions 1-3 must be completed. If information is not provided the application will be returned unprocessed.
2. The information provided in question No. 4. must agree with the number of offices listed.
3. The application must be signed and dated by an officer of the rental car company.
4. The application must be notarized and dated. The application must be received at the Department within thirty (30) days from the notary date.
5. Attach a check in the amount of \$35.00, made payable to the ARKANSAS INSURANCE DEPARTMENT TRUST FUND. This check cannot be a temporary bank check but must be encoded with the name and address of the rental car company. A money order or cashiers check can be used in lieu of a company check.
6. The application and fee should be submitted to:

The Arkansas Insurance Department
Licensing Division
1200 West Third Street
Little Rock, AR 72201

Any questions regarding the application should be directed to the License Division at 501-371-2750.

Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201
License Division 501-371-2750

RENTAL CAR COMPANY APPLICATION FOR LICENSE

To the Insurance Commissioner of the State of Arkansas-- The undersigned hereby applies for a license as specified and submits the following information:

1. Federal Tax Identification Number _____
2. Name of Car Rental Company _____
Mailing Address _____

PO Box or Street
City
State
Zip

Physical Address _____

Street
City
State
Zip

Telephone _____ Fax Number _____
3. Contact Person for Company _____
Mailing Address _____

PO Box or Street
City
State
Zip

Telephone _____ Fax Number _____
4. Location of Rental Offices doing business in Arkansas: Number of Offices _____
Additional Locations can be listed on blank sheet and attached to application
Name of Office _____
Address of Office _____

Street
City
State
Zip

Phone Number of Office _____

Name of Office _____
Address of Office _____

Street
City
State
Zip

Phone Number of Office _____

Name of Office _____
Address of Office _____

Street
City
State
Zip

Phone Number of Office _____

I, _____ hereby state under oath that all the information in the application is true and correct to the best of my knowledge and belief.

Signature of Officer

Office Held

Date Signed

*Subscribed and sworn to before me this _____ day of _____,
Year _____.*

Notary Public _____

My commission expires _____