

HOUSE BILL No. 4928

June 15, 1989, Introduced by Rep. Clack and referred to the Committee on Insurance.

A bill to amend Act No. 218 of the Public Acts of 1956, entitled as amended
"The insurance code of 1956,"
as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws, by adding section 3130.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 218 of the Public Acts of 1956, as
2 amended, being sections 500.100 to 500.8302 of the Michigan
3 Compiled Laws, is amended by adding section 3130 to read as
4 follows:

5 SEC. 3130. (1) AS USED IN THIS SECTION:

6 (A) "PRIVATE PASSENGER NONFLEET AUTOMOBILE" MEANS THAT TERM
7 AS DEFINED IN SECTION 2104.

8 (B) "RENTAL VEHICLE" MEANS A MOTOR VEHICLE RENTED TO A
9 PERSON, FIRM, ASSOCIATION, OR CORPORATION FOR A PERIOD OF 30

1 CONTINUOUS DAYS OR LESS AND NOT USED FOR THE TRANSPORTATION OF
2 PERSONS OR PROPERTY FOR HIRE.

3 (2) EXCEPT AS PROVIDED IN SUBSECTION (4), A PRIVATE PASSEN-
4 GER NONFLEET AUTOMOBILE INSURANCE POLICY THAT IS ISSUED OR DELIV-
5 ERED IN THIS STATE SHALL NOT BE ISSUED OR RENEWED ON OR AFTER
6 JANUARY 1, 1990, UNLESS THE POLICY PROVIDES SEPARATE COVERAGE FOR
7 AN INSURED'S OBLIGATION FOR DAMAGE TO, OR LOSS OF, A VEHICLE
8 RENTED BY AND INSURED IN THE UNITED STATES, THE TERRITORIES AND
9 POSSESSIONS OF THE UNITED STATES, AND CANADA UNDER A RENTAL
10 AGREEMENT OF 30 CONTINUOUS DAYS OR LESS, WITHOUT REGARD TO WHERE
11 THE RENTAL VEHICLE IS REGISTERED, RENTED, OR OPERATED.

12 (3) FOR INSURANCE COVERAGE PROVIDED UNDER THIS SECTION, PAY-
13 MENT SHALL NOT BE MADE BY MORE THAN 1 INSURER OR UNDER MORE THAN
14 1 POLICY. IF A PERSON IS INSURED UNDER MORE THAN 1 POLICY, COV-
15 ERAGE SHALL APPLY IN THE FOLLOWING ORDER OF PRIORITY:

16 (A) THE POLICY WITH RESPECT TO WHICH THE PERSON IS A NAMED
17 INSURED.

18 (B) IF THE PERSON IS NOT A NAMED INSURED ON ANY POLICY, THE
19 POLICY WITH RESPECT TO WHICH THE PERSON IS AN INSURED.

20 (C) IF 2 OR MORE POLICIES PROVIDE COVERAGE OF EQUAL PRIOR-
21 ITY, THE INSURER TO WHICH THE CLAIM IS FIRST SUBMITTED.

22 (4) A POLICY SUBJECT TO THIS SECTION, UPON ISSUANCE OR UPON
23 THE FIRST RENEWAL AFTER JANUARY 1, 1990, SHALL BE ACCOMPANIED OR
24 SUPPLEMENTED BY A NOTICE, IN A FORM PRESCRIBED OR APPROVED BY THE
25 COMMISSIONER, ADVISING THE INSURED OF THE RENTAL VEHICLE COVERAGE
26 PROVIDED UNDER THIS SECTION. IF A SPECIFIC CHARGE BASED UPON
27 RENTAL VEHICLE COVERAGE EXPERIENCE IS INCLUDED IN THE POLICY RATE

1 OR PREMIUM, THE INSURER, UPON ISSUANCE OR UPON THE FIRST RENEWAL
2 NOTICE THEREAFTER, SHALL ADVISE THE INSURED THAT HE OR SHE HAS
3 THE RIGHT TO REJECT THE COVERAGE WITHIN 10 DAYS AFTER THE
4 NOTICE.

5 (5) THIS SECTION SHALL NOT BE CONSTRUED TO DO EITHER OF THE
6 FOLLOWING:

7 (A) REQUIRE AN INSURER TO MAKE PAYMENT UNDER A POLICY ISSUED
8 UNDER THIS SECTION FOR DAMAGE TO, OR LOSS OF, A RENTAL VEHICLE
9 THAT THE RENTAL VEHICLE COMPANY IS PRECLUDED FROM RECOVERING FROM
10 THE INSURED UNDER THE TERMS OF THE RENTAL AGREEMENT, UNDER THE
11 TERMS OF THE INSURANCE POLICY, OR PURSUANT TO LAW.

12 (B) PRECLUDE AN INSURER FROM PURSUING SUBROGATION RIGHTS IN
13 CONNECTION WITH CLAIMS INVOLVING RENTAL VEHICLE COVERAGE.