

SENATE BILL No. 384

April 27, 1989, Introduced by Senators O'BRIEN and
POSTHUMUS and referred to the Committee on
State Affairs, Tourism, and Transportation.

A bill to limit the liability of persons who rent motor
vehicles; to prohibit certain activities of motor vehicle rental
companies; and to provide for remedies and penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "collision damage waiver act".

3 Sec. 2. As used in this act:

4 (a) "Authorized driver" means the person to whom the motor
5 vehicle is rented; his or her spouse if a licensed driver and
6 satisfying the rental company's minimum age requirement; his or
7 her employer or coworker if engaged in business activity with the
8 person to whom the vehicle is rented and if a licensed driver
9 satisfying the rental company's minimum age requirement; a person
10 who operates the motor vehicle during an emergency situation or
11 while parking the vehicle at a commercial establishment; or a

1 person listed by the rental company on the rental agreement as an
2 authorized driver.

3 (b) "Controlled substance" means that term as defined by
4 section 7104 of the public health code, Act No. 368 of the Public
5 Acts of 1978, being section 333.7104 of the Michigan Compiled
6 Laws.

7 (c) "Damage" means any harm or loss to the rented motor
8 vehicle including loss of use and any costs and expenses incident
9 to the harm or loss.

10 (d) "Motor vehicle" means a motor vehicle primarily intended
11 for the transport of persons, including passenger vans and
12 minivans.

13 (e) "Rental agreement" means a written agreement stating the
14 terms and conditions governing the use of a private passenger
15 motor vehicle.

16 (f) "Rental company" means a person or organization in the
17 business of providing private passenger motor vehicles to the
18 public.

19 (g) "Renter" means a person or organization obtaining the
20 use of a private passenger motor vehicle from a rental company
21 under the terms of a rental agreement.

22 Sec. 3. (1) A rental company, in rental agreements of 30
23 continuous days or less, shall not hold the authorized driver
24 liable for any damage to the motor vehicle except as follows:

25 (a) Damage caused intentionally by an authorized driver or
26 as a result of his or her willful and wanton misconduct.

1 (b) Damage arising out of an authorized driver's operation
2 of the motor vehicle while intoxicated or under the influence of
3 any controlled substance.

4 (c) Damage caused while the authorized driver is engaged in
5 a speed contest.

6 (d) Damage arising out of the use of the motor vehicle while
7 committing or otherwise engaged in a criminal act in which the
8 automobile usage is substantially related to the nature of the
9 criminal activity.

10 (e) Damage arising out of the use of the motor vehicle to
11 carry persons or property for hire.

12 (f) Damage arising out of the use of the motor vehicle out-
13 side of the United States or Canada unless such use is specifi-
14 cally authorized in the rental agreement.

15 (g) The rental transaction is based on information supplied
16 by the renter with the intent to defraud the rental company.

17 (2) A waiver shall not be offered to provide coverage for
18 any of the exceptions listed in subsection (1).

19 Sec. 4. Security or deposit for damages shall not be
20 required or requested by the rental company during the rental
21 period or pending resolution of any dispute.

22 Sec. 5. An action for damages shall not be brought by a
23 rental company against a renter who is a United States resident
24 except in the state and county of the renter's primary
25 residence.

26 Sec. 6. A violation of this act is punishable by a fine of
27 not less than \$500.00 or more than \$1,000.00 for each violation.

1 Sec. 7. This act shall take effect upon the expiration of
2 90 days after it is enacted into law.