

## RENTAL CAR LIABILITY LIMITS

House Bill 4679

Sponsor: Rep. Kirk A. Profit

Committee: Insurance

Complete to 3-31-95

### A SUMMARY OF HOUSE BILL 4679 AS INTRODUCED 3-30-95

The bill would amend the section of the Michigan Vehicle Code (MCL 257.401) dealing with "owner's liability" to limit the liability of businesses that lease out private passenger motor vehicles (1) by specifying that a company would only be liable when a rental vehicle was being operated by certain drivers; and (2) by putting a cap on the amount of liability a company faced. The bill would apply to leases providing for use of the motor vehicle for 30 days or less. (The code already says that a person engaged in the business of leasing motor vehicles is not liable at common law for damages to either person or property resulting from the operation of a leased motor vehicle if the lease is for a period greater than 30 days.)

Under the bill, a rental company would only be liable for an injury caused by the negligent operation of the leased vehicle if the injury occurred while the vehicle was being operated by an authorized driver under the lease agreement or by the lessee's spouse, father, mother, brother, sister, son, daughter, or other immediate family member.

The liability of the rental company would be limited to \$20,000 because of bodily injury to or death of one person in any one accident and \$40,000 because of bodily injury to or death of two or more persons in any one accident.

The rental company would have to notify customers leasing a vehicle of the limits of the company's liability (both as regards the specified operators and the caps) and notify them that they may be liable to an injured person for amounts awarded in excess of the caps (and to the company for amounts up to the cap).

The bill specifies that it should not be construed to expand the liability of a person engaged in the business of leasing motor vehicles or to impair that person's right to indemnity or contribution, or both.

[The bill says its provisions apply "notwithstanding subsection (1)." That subsection says, generally, that the owner of a motor vehicle is liable for an injury occasioned by the negligent operation of the motor vehicle if the motor vehicle is being driven with his or her express or implied consent or knowledge. It is presumed that the motor vehicle is being driven with the knowledge and consent of the owner if it is driven at the time of the injury by his or her father, mother, brother, sister, son, daughter, or other immediate member of the family. That subsection also contains the exemption for vehicles leased for over 30 days referred to in the first paragraph.]