

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Rep. Rex B. Hoy at
Chairperson

3:30 a.m./p.m. on February 4, 1986 in room 521-S of the Capitol.

All members were present except:

- Rep. Bryant and Rep. King - excused
- Rep. Gjerstad and Rep. Graeber

Committee staff present:

- Emalene Correll, Research Department
- Melinda Hanson, Research Department
- Gordon Self, Revisor's Office
- Deanna Willard, Committee Secretary

Conferees appearing before the committee:

- Mr. David Aronofsky, African Development Bank
- Mr. Ron Todd, Kansas Insurance Department
- Mr. Larry Magill, Independent Insurance Agents of Kansas
- Mr. Lee Wright, Farmers' Insurance Group
- Mr. Wayne Morris, Security Benefit Life

The meeting was called to order by the Chairman.

HB 2741 - An act relating to investments of insurance companies in the African Development Bank.

Mr. David Aronofsky, representing the African Development Bank, was the first conferee. He explained that this legislation would add the African Development Bank to the multi-national banks listed in the Kansas statutes and, thus, would allow insurers to invest in it. He further explained that this was permissive legislation; it does not require or even request that such investments be made. He discussed the history of the bank, the fact that it has never defaulted on a loan, and the type of projects that are financed (economic development and technical assistance.) Discussion followed as to the action the holder of an obligation would take in the event of a default, the reason an insurance company would want to invest in the bank (namely, a higher rate of return is paid as the investments are not tax deductible,) and the fact that no regard is given to the political preference of a country to whom a loan is made.

Mr. Ron Todd of the Insurance Department said that the Department has no objection to the bill.

HB 2719 - An act relating to collision damage waiver contracts.

Rep. Larry Turnquist, co-sponsor of the bill, explained that the purpose of the bill is to define as insurance the collision damage waiver contracts issued by motor vehicle rental companies. It seeks to clear up confusion about these contracts and to allow regulation by the Insurance Department. (Attachment 1.)

Mr. Larry Magill, representing Independent Insurance Agents of Kansas, spoke in favor of the bill and said it appears rental companies have changed contracts to force purchase. He explained that the renter can be held

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance

room 521-S, Statehouse, at 3:30 ~~am~~/p.m. on February 4, 19⁸⁶

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liable for negligent and non-negligent losses. The current Personal Auto Policy provides coverage under property damage liability if the insured is legally responsible for the damage. If not, the policy pays \$1,000. This could create an uninsured gap between \$1,000 and the value of the car. This bill would allow for some control of these waivers under the Unfair Trade Practices Act. (Attachment 2.)

Mr. Lee Wright, with Farmers' Insurance Group, also spoke in favor of the bill. His position is that since the contracts often vary widely from company to company and because of the confusion that exists, some Insurance Department scrutiny might be advisable. (Attachment 3.)

Mr. Ron Todd stated that because of the increasing deductibles, the collision damage waiver contracts are becoming more of a problem. His opinion is that rental companies would become general agents for insurance companies providing their coverage. Perhaps some control could be developed by classifying these contracts as third-party agents, similar to motor clubs.

HB 2499 - An act relating to value of special deposits and waiver of examination costs of companies in hazardous financial condition.

Mr. Ron Todd spoke for this bill which is a carryover from last session. The Insurance Department is requesting that the bill be passed with Section 2 deleted, as it is controversial, and the rest of the bill contains provisions which would be helpful in regulating more tightly companies which are in hazardous financial condition.

Mr. Wayne Morris, representing Kansas Life Association, spoke in favor of the bill, saying that it gives the Department some new regulatory tools and that the domestic industry supports the bill, except for Section 2.

The minutes of the previous meeting were approved.

The meeting was adjourned at 4:30 p.m. by the Chairman.

STATE OF KANSAS

LARRY F. TURNQUIST
REPRESENTATIVE, SIXTY-NINTH DISTRICT
SALINE COUNTY
852 S. 10TH
SALINA, KANSAS 67401



TOPEKA

HOUSE OF
REPRESENTATIVES

February 4, 1986

COMMITTEE ASSIGNMENTS
RANKING MINORITY MEMBER INSURANCE
MEMBER ADVISORY COMMITTEE ON CHILDREN
AND YOUTH
JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS
WAYS AND MEANS

Let me begin by giving the committee some background as to the purpose of HB 2719. HB 2719 would simply define Collision Damage Waiver's used by rental car companies as insurance under Kansas law. I will not go into a lot of detail at this point in time because I understand that there will be further testimony that will give the committee information regarding the confusion surrounding coverages under an insured's auto policy and what they are getting or not getting if they purchase the collision damage waiver from the rental agency.

I believe it is important to be aware of the fact that the NAIC is currently studying the possibility of proposing legislation on a nationwide basis in the area of collision damage waiver. Some states and courts have already concluded that these waivers are in fact insurance (Louisiana, Colorado, and New Mexico). By proceeding with this legislation we would be able to get a handle on practices and procedures used by these rental agencies in the sale of CDW's. I strongly believe that this would be in the best interest of consumers in our state. This would allow the Insurance Department to provide for regulations of rates charged as well as for disclosure requirements and would subject the companies to standards under the Fair Trade Practices Act.

Under the existing system there is without doubt a great deal of confusion as to what the consumer should or should not do when renting a car. Often, the consumer simply goes ahead and purchases this waiver because he or she does not want to be in a position of uncertainty regarding this deductible. Currently, most agencies have deductibles that are far greater than the average citizen has on his or her own personal car. Without question there is a definite need to provide for some state controls. I would urge the committee to pass the bill favorably.

Attachment 1
House Insurance 2/4/86

Testimony on HB 2719
Before the House Insurance Committee
By: Larry W. Magill, Jr., Executive Vice President
Independent Insurance Agents of Kansas
February 4, 1986

The Independent Insurance Agents of Kansas support HB 2719 by Representatives Larry Turnquist and Dennis Spaniol. We feel that collision damage waiver coverage under rental car company contracts, or whatever name they choose to apply to the responsibility for damage to the vehicle, should validly be considered insurance and that the rates and forms should be regulated by the Kansas Insurance Department.

In the past, car rental companies have played games with their deductible on their rental agreement, raising the deductible to as high as \$2,500 as soon as the Insurance Services Office set the present \$1,000 limit on contractual (non-negligent or comprehensive type) losses. Thus the rental companies force most consumers to purchase the collision damage waiver coverage.

This assumes that consumers understand that they have some coverage under their personal or business auto policy. An assumption that would probably not be true for most consumers. As you will see from a discussion later in this testimony, the question of the consumer's coverage involves a rather complicated area of insurance, between rental companies holding customers liable for non-negligent damage to cars, i.e., acts of God losses (hail, flood, tornado, etc.), fire, theft, being hit by an uninsured motorist or hit and run driver, etc., and negligent losses (collisions) where

the customer was at fault, even insurance agents can become confused. The rental car companies play on this confusion and lack of understanding to sell collision damage waiver coverage, which we suspect is probably extremely profitable for them.

If a rental company charges \$11 per day in Kansas for collision damage waiver and rents a car 300 days per year, that amounts to \$3,300 for collision insurance per year. In two years, they will nearly recover the entire cost of the vehicle, assuming no losses.

The following is a brief, but thorough analysis, of the coverage most consumers have under their own insurance policies:

The current ISO Personal Auto Policy provides coverage for damage to vehicles an insured leases or rents. If the insured is legally responsible for the damage, the policy pays up to the limit of property damage liability stated in the policy. If the insured is not legally responsible for the damage, the policy pays a set amount of \$1,000.

The actual wording is, "We do not provide Liability Coverage for any person for liability in excess of \$1,000 to any vehicle rented to; used by; or in the care of that person. This exclusion does not apply to damages for which a person is legally responsible, other than by contractor agreement." This is found in endorsement PP0003 (8-83) which is attached to every Personal Auto Policy amending coverage in the basic form PP0001 (6-80). A copy of both forms are attached (both are used in every state).

With ISO's current Business Auto Policy, rented cars are

covered utilizing symbol 1 "any auto" or symbol 8 "hired autos only." Since symbol 1 can be used only for liability coverage, physical damage coverage is indicated through symbol 8. This coverage applies if the insured is legally liable. If he/she is not legally liable for the damage but is liable through a contractual obligation, the "liability assumed under contract" exclusion would have to be eliminated by endorsement or you should extend the contractual liability coverage of the premises and operations policy to include automobile agreements. If the insured has blanket contractual liability insurance (such as coverage found in a broad form CGL endorsement), he/she would have coverage without the above \$1,000 limitation.

All rental companies require the customer to hold the company harmless to some extent for damage to the vehicle. Each rental agreement is different however. Where "comprehensive type" (non-negligence) losses to the rental car are concerned, some rental companies assume full responsibility and do not place the burden on your insured. Some will assume only damage by specific perils such as fire, theft, windstorm and flood. If damage is caused by a peril not included in the agreement, the customer (or insured) then becomes responsible for the damage. From the information I have read in the past, some of the smaller companies assume no responsibility for comprehensive type losses, making the customer responsible for payment of these damages. Neither the rental company or collision waiver nor a PAP would fill the gap. Contractual liability is covered for up to \$1,000 under the PAP, but this creates an uninsured gap between \$1,000 and the value of the car.

Where collision losses are concerned, just about every rental company will make the customer responsible for a set dollar amount (these amounts have ranged from as low as \$200 in the past to \$1,500 to \$2,500 limits common today) and the company will then bear any collision damage in excess of that amount. They offer for a daily fee "collision damage waiver" or a similar feature. If the customer buys it, no collision damages will be assessed by the rental company. If it is not bought, the customer will have to pay that "deductible" or set amount outlined in the agreement.

So, if the insured does not purchase the collision damage waiver and the agreement sets forth a dollar amount over \$1,000 (see comments on PAP above) as the responsibility of the customer (insured), he/she would have to pay the difference out of their own pocket.

As far as I can determine, two gaps in coverage could occur. The insured could be held responsible for all or specific types of comprehensive type losses and could be responsible for as much as \$1,500 out of their pocket for collision losses.

We were able to pick up two rental car agreements - one from Budget and one from Hertz. Avis would not give us one. Avis' limit is \$1,500 and Hertz' is \$2,500. (Copies of those agreements are attached.)

As you know, ISO has filed new forms for both the Personal Auto and Business Auto Policies. The BAP, to be effective 1/1/87, is basically the same as the current one when it comes to rental car coverage.

The new PAP, filed with a 4/1/86 effective date, has not

been approved yet. This form eliminates the \$1,000 limit for damage caused by a collision to a rental car. Coverage for rental cars is provided under physical damage subject only to the deductible carried for collision. The problem is that if the insured does not carry physical damage coverage on his own policy, he will not have any coverage for rented or non-owned vehicles.

As you can see, consumers are faced with a multitude of different rental car contracts, different exposures and almost a certainty that they will be forced to buy the collision damage waiver because of the confusion and for piece of mind. Even then they may have gaps in coverage for non-negligent damage.

We believe that Insurance Department oversight would shed light on the fairness of the rates charged by rental companies and provide some control over forms of rental agreements used by them.

We also believe that Insurance Department oversight could help "dovetail" a consumer's present auto coverage with a rental company's agreement. The Department would then be in a position to provide some much-needed consumer education to make them better buyers.

We urge the committee to favorably recommend HB 2719 for further action by the full House. We would be happy to provide any additional information or answer any questions that the committee has.



**AMENDATORY
ENDORSEMENT**

This endorsement amends the Policy as follows:

I. DEFINITIONS

The definition of "**your covered auto**" is replaced by the following:

"**Your covered auto**" means:

1. Any vehicle shown in the Declarations.
2. Any of the following types of vehicles on the date you become the owner:
 - a. a private passenger auto; or
 - b. a pickup, panel truck or van.

This provision applies only if:

- a. you acquire the vehicle during the policy period;
- b. you ask us to insure it within 30 days after you become the owner; and
- c. with respect to a pickup, panel truck or van, no other insurance policy provides coverage for that vehicle.

If the vehicle you acquire replaces one shown in the Declarations, it will have the same coverage as the vehicle it replaced. You must ask us to insure a replacement vehicle within 30 days only if:

- a. you wish to add or continue Coverage for Damage to Your Auto; or
- b. it is a pickup, panel truck or van used in any business or occupation, other than farming or ranching.

If the vehicle you acquire is in addition to any shown in the Declarations, it will have the broadest coverage we now provide for any vehicle shown in the Declarations.

3. Any **trailer** you own.
4. Any auto or **trailer** you do not own while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. loss; or
 - e. destruction.

II. LIABILITY COVERAGE

Part A is amended as follows:

- A. Exclusion A.7 is replaced by the following:

We do not provide Liability Coverage for any person:

7. Maintaining or using any vehicle while that person is employed or otherwise engaged in any business or occupation (other than farming or ranching) not described in Exclusion 6. This exclusion does not apply to the maintenance or use of a:

- a. private passenger auto;
- b. pickup, panel truck or van that you own; or
- c. **trailer** used with a vehicle described in a. or b. above.

- B. The following exclusion is added to Section A:

We do not provide Liability Coverage for any person:

For liability assumed under any contract or agreement for loss or damage in excess of \$1,000 to any vehicle:

- a. rented to;
- b. used by; or
- c. in the care of;

that person. This exclusion does not apply to damages for which a person is legally responsible, other than by contract or agreement.

This endorsement must be attached to the Change Endorsement when issued after the policy is written.



Lessor:
HERTZ SYSTEM LICENSEE
 200 S.E. 21ST STREET
 P.O. BOX 5656
 TOPEKA, KANSAS 66605
 PHONE: (913) 357-4468

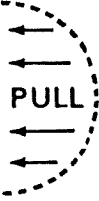
EXCHANGE VEHICLE EXCHANGE RA

92330

Rental Agreement No.

L 3555149 3

NOTE • Customer is liable for all parking and traffic violations and must remit payment directly to proper authorities
 • Customer must report all accidents, notify local police authorities and complete a Hertz accident report.



TO BE PAID BY:

#1 CLUB NO.				UPD	C.D.P. I.D. NO.	CREDIT APP./DATE/AMT.
FORM OF PAY	CASH ON RET.	OTHER IDENTIFICATION				
DRIVER'S LICENSE NO.		STATE	EXPIRES			
HOME/BUSINESS ADDRESS			HOME/BUSINESS PHONE NO.			
CITY/STATE			ZIP CODE			
VEHICLE TO BE RETURNED TO (CITY/STATE)			LOC. NO.	DATE DUE		
VEHICLE RENTED AT (CITY/STATE)			AREA	LOCATION NO.		
TOPEKA, KANSAS 92330			(01)	(02)	(10)	
IF CUSTOMER ELECTS TO RETURN VEHICLE WITH LESS FUEL THAN WHEN RENTED, REFUELING SERVICE CHARGE WILL BE MADE. Vehicle shall NOT be operated by any person except Customer and following Authorized Operators who must be validly licensed to drive and have Customer's prior permission: persons 21 or over who are members of Customer's immediate family and permanently reside in Customer's household; employer, partner, executive officer, or regular employee of Customer; additional authorized operator(s) approved by Lessor in writing. ALL CHARGES SUBJECT TO AUDIT. VEHICLE IS RENTED UPON TERMS AND CONDITIONS ON THIS PAGE AND UPON REVERSE SIDE. CUSTOMER REPRESENTS HE/SHE HAS READ, UNDERSTANDS AND AGREES WITH ALL SUCH TERMS AND CONDITIONS.						
C	ACCEPT	DECLINE	COLLISION DAMAGE WAIVER (CDW) BY INITIALS. Customer accepts, at rate shown, or declines Lessor's waiver of Customer's responsibility for up to \$2,500.00 of accidental vehicle damage due to collision or rollover, per Par. 4 on Reverse Side. CDW IS NOT INSURANCE.			
X		X				
P	ACCEPT	DECLINE	PERSONAL ACCIDENT INSURANCE (PAI) BY INITIALS. Customer accepts, at rate shown, or declines PAI. If Customer accepts PAI, Customer acknowledges reading SUMMARY of Coverage Limits furnished at rental.			
X		X				
P	ACCEPT	DECLINE	PERSONAL EFFECTS COVERAGE (PEC). If PEC available, Customer, BY INITIALS, accepts, at rate shown, or declines PEC. Customer acknowledges reading SUMMARY of Coverage Limits furnished at rental.			
X		X	NA			

STALL NO.	TIME IN	
OWN. CITY NO.	%	TIME OUT
VEHICLE NO.		RETURNED TO CITY/STATE/AREA
VEHICLE LIC. NO.	STATE	PREPARED BY
VEH. MAKE-BODY STYLE		VEH. CLS.
OWNING CITY/ST.		VEH. CLS.
MILEAGE IN	DAYS	
MILEAGE OUT	PER EXTRA HRS.	
MILES DRIVEN	WKS.	
MILES (ALLOWED) CHARGED	MILES @	
REFUELING SERVICE CHARGE		
<input type="checkbox"/> PER MILE	<input type="checkbox"/> PER GALLON	
TANK NO.	FUEL OUT	FUEL IN
VOUCHER/CERTIFICATE NO.		SUBTOTAL
I.T. NO.	PROM. NO.	SUBTOTAL
RATE CONDITIONS		SUBTOTAL
<ul style="list-style-type: none"> MINIMUM RENTAL CHARGE ONE RENTAL DAY (24 HOURS) RATES DO NOT INCLUDE REFUELING SERVICE CHARGE FOR THIS RATE TO APPLY: <ul style="list-style-type: none"> <input type="checkbox"/> THE MINIMUM RENTAL PERIOD IS _____ DAYS <input type="checkbox"/> VEHICLE MUST BE RETURNED BY _____ <input type="checkbox"/> VEHICLE MUST BE RETURNED TO RENTING CITY <input type="checkbox"/> CUSTOMER AGREES TO CHANGE IN RATE CLASS 		TAX 4%
		REFUELING SERV. CHG.
		CDW (DAILY) 7.95
		PAI (DAILY) \$ 2.50
		PEC (DAILY) \$
RESERVATION DATA		TOTAL CHARGES
RESERVATION I.D. NO.		MISC.
REFERRAL SOURCE		RES CLASS
REFUND	DEPOSIT	LESS DEPOSIT (If Any)
EXPLANATION	PAID BY	NET DUE
REFUND RECD BY	RBR DATE	

Rental Agreement No.

L 3555149 3

92330

4-1-45 (3/85)

MINIMUM RENTAL ONE DAY

ORIGINAL - CITY CONTROL

Rental Agreement



HERTZ FEATURES THE EXCITING FORD THUNDERBOLT

Lessor (as identified on reverse side) rents Vehicle (as described on reverse side) to Customer, subject to the terms and conditions of this Agreement, and in consideration thereof, Customer agrees to the following:

1. RESPONSIBILITY FOR PAYMENT

This Agreement consists of all the terms and conditions on this page and on reverse side, whether printed or written. "Customer" means the person(s) signing this Agreement, and any other party to whom the charges incurred are billed, with Lessor's consent, at the express direction of such party or the person(s) signing this Agreement, all being jointly and severally liable for such charges.

2. VEHICLE REPAIRS/WARRANTY DISCLAIMER

Vehicle is Lessor's property. This Agreement is a bailment contract only for use of Vehicle. While Vehicle is on rental to Customer, Customer is not Lessor's agent for any purpose. Any service to or replacement of a part or accessory to Vehicle during rental must have Lessor's prior approval. Customer acquires no rights other than to use Vehicle in accordance with this Agreement. LESSOR MAKES NO WARRANTY OF ANY KIND, NATURE OR DESCRIPTION, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS OF VEHICLE FOR ANY PARTICULAR PURPOSE.

3. RESPONSIBILITY FOR VEHICLE CONDITION/RETURN/REPOSSESSION

Customer shall return Vehicle to Lessor in same condition as received, except for ordinary wear, to location where rented or to such location as set forth on reverse side on the due date specified, but in no event more than 30 days after commencement of rental. If Vehicle is not returned to such location on due date and Lessor thereafter delivers or mails to Customer, at address set forth on reverse side, a demand to return Vehicle to Lessor at such location, Lessor may repossess Vehicle at any time thereafter at Customer's expense. Lessor reserves right to repossess Vehicle at any time without demand, at Customer's expense, if Vehicle is illegally parked, used for an illegal purpose, or apparently abandoned. Customer waives prior notice, pre-seizure hearing and receipt of judicial process as a prior condition to Lessor's repossession. In event of any Vehicle replacement for any reason, Lessor may, at its option, terminate this Agreement and rent any replacement Vehicle under the terms of a new agreement.

4. LOSS OR DAMAGE TO VEHICLE/COLLISION DAMAGE WAIVER (CDW)

If Vehicle is lost or damaged while on rental, whether or not due to Customer's fault, Customer shall pay Lessor on demand the amount of such loss or damage at prevailing retail price plus Lessor's related expenses, except as follows:

(a) **PHYSICAL DAMAGE** - If Vehicle is used in accordance with all terms and conditions of this Agreement, Customer is not responsible for loss of or damage to Vehicle arising from causes other than collision or rollover (such as fire, theft, windstorm, flood or riot)

(b) **COLLISION OR ROLLOVER** - If Vehicle is used in accordance with all terms and conditions of this Agreement, Customer's responsibility for loss of or damage to Vehicle due to collision or rollover is:

(i) LIMITED to maximum amount set forth on reverse side; or

(ii) WAIVED by Lessor if Customer accepts Collision Damage Waiver at time of rental by initialing CDW "ACCEPT" box on reverse side. COLLISION DAMAGE WAIVER IS LESSOR'S WAIVER OF CUSTOMER'S RESPONSIBILITY; IT IS NOT INSURANCE.

IF CUSTOMER PERMITS USE OF VEHICLE BY PERSONS OTHER THAN AUTHORIZED OPERATOR(S) AS DESCRIBED HEREIN, OR USES OR PERMITS USE OF VEHICLE IN VIOLATION OF PARAGRAPH 5 HEREOF, OR OFF A PAVED ROAD AND/OR IN A RECKLESS, GROSSLY NEGLIGENT, ABUSIVE OR WANTON MANNER, CUSTOMER SHALL BE LIABLE FOR ALL LOSS OF OR DAMAGE TO VEHICLE UP TO ITS FULL VALUE, WHETHER OR NOT CUSTOMER HAS ACCEPTED COLLISION DAMAGE WAIVER.

5. PROHIBITED USES OF VEHICLE

Vehicle shall NOT, under any circumstances, be used for any of following purposes or under any of following conditions, all being WITHOUT LESSOR'S PERMISSION:

- (a) to carry persons or property for hire;
- (b) to propel or tow any vehicle, trailer or other object;
- (c) in any race, test or contest;
- (d) for any illegal purpose;
- (e) to instruct an unlicensed person in operation of Vehicle;
- (f) if Vehicle is obtained from Lessor by fraud or misrepresentation;
- (g) to carry persons other than in passenger compartment of Vehicle;
- (h) loading Vehicle beyond its rated capacity; or
- (i) while under the influence of alcohol or other intoxicants like drugs or narcotics.

PROHIBITED USE OF VEHICLE VIOLATES THIS AGREEMENT, VOIDS CDW AND ALL LIABILITY AND INSURANCE COVERAGE, MAKES VEHICLE SUBJECT TO IMMEDIATE RECOVERY BY LESSOR AND MAY MAKE CUSTOMER RESPONSIBLE FOR ALL LOSS OF OR DAMAGE TO OR CONNECTED WITH VEHICLE, REGARDLESS OF CAUSE, INCLUDING BUT NOT LIMITED TO LESSOR'S EXPENSES.

6. PAYMENT OF CHARGES

All charges and other amounts billed pursuant to this Agreement are payable by Customer (i) in cash at conclusion of rental, or (ii) if a credit card acceptable to Lessor is used, upon Customer's receipt of applicable statement or invoice, in accordance with the terms of such statement or invoice. CREDIT CARD CUSTOMER AUTHORIZES LESSOR TO PROCESS A CREDIT CARD VOUCHER (IF APPLICABLE) IN CUSTOMER'S NAME FOR CHARGES AND CONSENTS TO RESERVATION OF CREDIT WITH CARD ISSUER FOR AN AMOUNT EQUAL TO ESTIMATED CHARGES DUE.

7. COMPUTATION OF CHARGES

As provided in Paragraph 6 hereof, Customer shall pay Lessor the sum of:

(a) **TIME AND MILEAGE CHARGES**: Computed at daily/weekly or other rate set forth on reverse side (mileage determined by reading Vehicle odometer); charges are computed on the basis of a 24-hour rental day, with extra hours' rate set forth on reverse side charged for each hour and/or any part of an hour in excess of a rental day before Vehicle is returned, until such hourly charges equal applicable daily rate.

(b) **REFUELING SERVICE CHARGES**: If Vehicle is returned with less fuel than when rented, Customer shall pay a refueling service charge determined as follows:

(i) If Customer does not purchase fuel during rental, refueling service charge shall be rate per mile set forth on reverse side, multiplied by miles traveled (determined by reading Vehicle odometer), or

(ii) If Customer purchases fuel during rental, refueling service charge shall be rate per gallon set forth on reverse side, multiplied by Lessor's estimate of number of gallons required to refill Vehicle fuel tank (estimate made by reading Vehicle fuel gauge and using average of Vehicle manufacturer's specified tank sizes for Vehicle's car class);

(c) **COLLISION DAMAGE WAIVER (CDW) CHARGES**: If applicable, computed at daily charge set forth on reverse side. Daily charge is due for each full or partial rental day.

(d) **PERSONAL ACCIDENT INSURANCE (PAI) and PERSONAL EFFECTS COVERAGE (PEC) CHARGES**: If applicable, computed at daily charge set forth on reverse side. Daily charge is due for each full or partial rental day.

(e) **TAXES**: Applicable sales, use and excise taxes, and any amounts charged by Lessor as reimbursement for taxes paid;

(f) **COLLECTION AND VEHICLE RECOVERY EXPENSES**: Lessor's costs, including reasonable attorneys' fees, incurred in collecting charges due from Customer pursuant to this Agreement or in recovering Vehicle which has been abandoned by Customer or seized by governmental authority as a result of Customer's actions;

(g) **FINES AND OTHER EXPENSES**: Fines, penalties, forfeitures, court costs and other expenses that may be assessed against Lessor which are due by reason of Customer's possession or use of Vehicle; and

(h) **OTHER CHARGES**: Drop-off charges, if applicable, if Vehicle is not returned to rental location, and other charges, if applicable, for other services supplied by Lessor.

ERRORS: All charges are subject to audit. If, upon audit, an error is found, Customer shall pay corrected charges. If, upon audit, an error is found, Credit Card Customer authorizes Lessor to correct such charges, including changing any charge card invoices signed by Customer, to reflect correct charges, with written notice of correction to Customer.

8. NO LIABILITY FOR PROPERTY

Lessor is not responsible for loss of or damage to any property left, stored, loaded or transported by Customer or any other person in or upon Vehicle, any service vehicle, premises of Lessor, or left with any agent or employee of Lessor at any time or place prior to, during or after the rental, including any property in Vehicle repossessed in accordance with provisions of this Agreement, regardless of cause, except that resulting solely from Lessor's negligence. Customer and Authorized Operator(s) release, indemnify and hold Lessor, its agents and employees harmless from any claim for loss of or damage to such property.

9. LIABILITY COVERAGE

Lessor provides liability coverage for Customer and any Authorized Operator(s), in accordance with standard provisions of a basic automobile liability insurance policy as required in jurisdiction in which Vehicle is operated, against liability for bodily injury including death (limits \$100,000 each person, \$300,000 each accident) and property damage (limit \$25,000) arising from use or operation of Vehicle as permitted by this Agreement. Coverages hereunder shall automatically conform to basic requirements of any "No Fault" law which may be applicable, but do not include "Uninsured Motorist" or supplementary "No Fault", or other optional coverage; and Lessor and Customer hereby reject, to extent permitted by law, inclusion of any such coverage. In event that coverage is imposed, by operation of law, for the benefit of any person other than Customer or any Authorized Operator(s), then limits of such coverage shall be minimum requirements of the financial responsibility law or other applicable statute of state or other jurisdiction in which accident occurred. Lessor warrants that to extent permitted by law liability coverage described in this Paragraph 9 is primary with respect to any other insurance available to Customer or any Authorized Operator(s). Customer and Authorized Operator(s) shall indemnify and hold Lessor, its agents and employees harmless from and against all loss, liability and expense whatsoever in excess of limits of liability provided for herein, as a result of bodily injury, death or property damage caused by or arising out of use or operation of Vehicle.

COVERAGE IS VOID IN MEXICO - Customer must obtain Lessor's written authorization and purchase liability and property damage insurance before entering Mexico. Upon request, Lessor shall provide Customer with proof of coverage and Vehicle ownership required by Canada.

Customer shall promptly report all accidents involving Vehicle to Lessor and, if necessary, to police. Customer and Authorized Operator(s) shall deliver to Lessor all papers of any kind received by such party relating to any such accident. Customer and Authorized Operator(s) will cooperate fully with Lessor in completing accident reports and in investigation and defense of any claim or lawsuit relating to any such accident, and authorize Lessor to obtain from any governmental authority having jurisdiction thereof any record of any violation-of-law citation issued as a result of any such accident.

10. PARKING AND TRAFFIC VIOLATIONS

Customer shall be responsible for and pay all parking and traffic violation fines and penalties arising out of use or operation of Vehicle by Customer or any Authorized Operator(s), and agrees to pay, or indemnify and hold Lessor harmless in event Lessor pays, such fines and penalties on behalf of Customer, and to reimburse Lessor for all its collection and other expenses, including attorneys' fees, relating to same.

Customer and Authorized Operator(s) authorize Lessor, in connection with claimed violations of parking or traffic laws arising out of use or operation of Vehicle by Customer and/or any such Authorized Operator(s), to release to any governmental agency having jurisdiction thereof any information relating to Customer or any such Authorized Operator(s) which Lessor has in its possession.

11. ASSIGNMENT

This Agreement and Vehicle cannot be assigned or transferred by Customer. Any attempt to do so is null and void.

12. WAIVER/MODIFICATION OF TERMS

No term or condition of this Agreement may be waived or modified as to Lessor except by a writing signed by Lessor's authorized representative who has been expressly authorized to do so by Lessor.

13. LIABILITY OF LESSOR

Lessor shall in no event be liable for any indirect, special or consequential damages in connection with or arising out of furnishing, performance or use of Vehicle.

This Agreement constitutes the entire agreement between Lessor and Customer. PLEASE SEE FURTHER TERMS AND CONDITIONS ON REVERSE SIDE (1/88)

Personal Accident Insurance (P.A.I.)

Insured under Personal Accident Policy No. RACPAL-925. Issued by Massachusetts Indemnity and Life Insurance Company to Hertz, except in Texas, where coverage is provided under Personal Accident Policies issued by the Consolidated Insurance Association to Hertz.

COVERAGE

Policy provides coverage for death caused directly and independently of all other causes, by an accident.

The Customer signing the rental agreement who elects to be insured under the policy is covered for any accident during the car rental period.

Passengers of the insured Customer are also covered but only for accidents occurring while occupying the rented car but at the lower benefits as shown below.

BENEFITS	Customer	Each Passenger
Loss of Life	\$175,000	\$17,500
Medical Expenses Up to-	1,500	1,500
Ambulances Expenses Up to-	150	150

Aggregate indemnity for any one accident is limited to \$225,000. NOTE: These benefits are payable without regard to any other payments due under any other insurance policy and are available to all Hertz Corporate and participating Licensee locations.

HOW TO OBTAIN COVERAGE

When completing the Hertz Rental Agreement, initial the "Accepts" box headed "Personal Accident Insurance" and coverage will be automatic during the rental period. Check with Hertz or ask any rental Representative for the details on the Per Day cost of this optional coverage.

EXCLUSIONS

Policy excludes coverage while the vehicle is used in violation of the Rental Agreement and also for losses resulting from (a) intentional self inflicted injury or death, (b) aircraft travel, (c) committing or attempting to commit an assault or felony.

HOW TO CLAIM

In the event of any occurrence likely to result in a claim, immediate notice should be given to the nearest Hertz office.

Personal Effects Coverage (P.E.C.) (WHERE AVAILABLE)

COVERAGE

This policy insures against loss or damage to the Personal effects owned by and for the personal use, adornment or amusement of the insured, or any member of the insured's family traveling with the insured, while the property is in transit or while the property is in any hotel or other building in route during a journey utilizing the rental vehicle.

PERSONS COVERED

(a) The person signing the Rental Agreement (renter). (b) Members of the immediate family traveling with the renter and who are permanently residing in the same household.

LIMITS OF LIABILITY

The maximum coverage during the rental period is \$525 for each covered individual, less a \$25 deductible, per occurrence, per individual. Total maximum coverage for all individuals is \$1,500, total coverage during rental period for all individuals is \$1,500.

HOW TO OBTAIN COVERAGE

Initialing the P.E.C. "Accepts" box on the Rental Agreement will automatically provide this coverage during the rental period.

EXCLUSIONS

There are some types of personal effects not covered. These include: animals, automobile equipment, motor cycles, boats, motors, household furniture, contact lenses, artificial teeth and limbs, currency, coins, deeds, bullion, stamps, securities, tickets, documents and perishables. This policy does not cover loss by mysterious disappearance, nor does it cover delay, loss of market, indirect or consequential loss of any kind.

HOW TO FILE A CLAIM

To file a claim, you should obtain a copy of the Personal Effects Claim Form at the Hertz check-in counter or write directly to:
HCM Claim Management Corp.
485 Lexington Avenue
New York, New York 10017

Physical Damage

Providing a Hertz car is used in accordance with the terms and conditions of the Rental Agreement, customer and other authorized drivers are not responsible for direct and accidental loss or damage to car arising from causes other than collision or upset (e.g., fire, theft, wind storm, flood, riot, etc.).

Collision Damage Waiver (CDW)

(See Paragraph 4 of Rental Agreement)

Collision Damage Waiver (CDW) is not insurance. Customer's responsibility for direct and accidental damage to Hertz Car resulting from collision or upset is:

- Limited to a maximum of \$2,500 or _____.
- Waived by Hertz if customer initials acceptance of "Collision Damage Waiver" (CDW) as provided for in the Rental Agreement and pays the additional Per Day fee for same. Check with Hertz or ask any Rental Representative about the cost of Collision Damage Waiver.

Restrictions on Operation and Use of Vehicle

OPERATION

Vehicle may be operated only by the customer and the following properly qualified and validly licensed drivers when authorized by the customer:

- Members of the customer's immediate family who are 21 years of age or over, permanently residing with customer.
- Employer, partner or an executive officer of customer.
- Regular employee of customer.
- Any other person approved in writing by Hertz as an additional authorized operator.
- With the exception of the above, customer shall not surrender use of vehicle to any person without written consent of Hertz.

USE

Vehicles may not be used:

- To carry persons or property for hire.
- To propel or tow any vehicle, trailer or other object.
- In any race, test or contest.
- For any illegal purpose.
- To instruct an unlicensed person in the operation of the vehicle.
- If obtained from Hertz by fraud or misrepresentation.
- To carry persons other than in the passenger compartment of the vehicle.
- To load vehicle beyond its rated capacity.
- While under the influence of alcohol, other intoxicants, drugs or narcotics.

Violation of any of these restrictions will subject customer to responsibility for all Collision Damage and may void Liability Protection and Personal Accident Insurance.

Automobile Liability Protection

Hertz provides liability coverage for customer and any operator authorized by lessor in accordance with the standard provisions of a basic automobile liability insurance policy as required in the jurisdiction in which the vehicle is operated (excluding optional coverages) against liability for bodily injury including death and property damage arising from the use of a Hertz car as permitted by the Rental Agreement. Subject to all the terms and conditions of the Rental Agreement executed by the customer, such protection is primary to any personal liability insurance carried by the customer or authorized driver. Protection conforms automatically to the requirements of any "No Fault" law applicable.

BODILY INJURY LIABILITY

Protection is afforded against liability for death or bodily injury to third parties subject to limits of:
\$100,000 - Each person.
\$300,000 - All persons, each accident.

PROPERTY DAMAGE LIABILITY

Protection is afforded against liability for damage to the property of third parties subject to a limit of:
\$25,000 - each accident.

GEOGRAPHICAL LIMITS

Above applies in all 50 states. Vehicles may be driven freely between the 48 continental United States. Special insurance arrangements must be made if customer wishes to use the vehicle in Mexico or Canada.

This is a synopsis only and is subject to all provisions, limitations, and exceptions of the Personal Accident Policy, and the Hertz Rental Agreement which are available for inspection.

SEE ON-THE-SCENE ACCIDENT REPORT



Rent a Car

RENTAL AGREEMENT

AN INDEPENDENT BUDGET SYSTEM LICENSEE MINIMUM CHARGE - 1 DAY PLUS MILEAGE DAILY RATE IS BASED ON 24 HOUR DAY

DATE

RENTER'S NAME, DATE OF BIRTH, CORP. RATE I.D. NO., CREDIT AUTH./DATE/AMOUNT, LICENSE NUMBER, EXPIRATION DATE, STATE, RESIDENCE, CITY, STATE, ZIP CODE, HOME PHONE NUMBER, COMPANY, COMPANY PHONE NO., COMPANY ADDRESS, LOCAL ADDRESS/CONTACT

REPLACEMENT CAR, ORIGINAL CAR, OWNING LOCATION, CAR NO., LICENSE NO., MODEL, TIME IN, TIME OUT, MILEAGE IN, MILEAGE OUT, MILES DRIVEN

REMARKS

NO DAMAGE, SPARE, JACK, DAMAGE (DESCRIPTION)

ADDITIONAL DRIVER/IF NONE WRITE "NONE" AND INITIAL, DATE OF BIRTH

SPL MLS @, HRS @, DAY @, WKS @, MO @

LICENSE NUMBER, EXPIRATION DATE, STATE

I AGREE TO RETURN THIS VEHICLE ON OR BEFORE THE INDICATED DUE BACK DATE TO THE SAME LOCATION AT WHICH IT WAS RENTED OR TO THE BUDGET OFFICE SPECIFIED IN THE BOX BELOW. A DROP CHARGE MAY APPLY IF CAR IS RETURNED TO OTHER THAN RENTING LOCATION.

DUE BACK BY, AUTHORIZED RETURN, RENTER INIT., EXTEND TO, AUTH. BY, RECEIPT NO., EXTEND TO, AUTH. BY, RECEIPT NO.

SPECIAL TIME AND MILEAGE CHARGES, TIME AND MILEAGE CHARGES, SPECIAL TIME & MILEAGE CHARGES

COLLISION DAMAGE WAIVER (CDW) RENTER INITIALS TO ACCEPT OR DECLINE AT THE RATE SHOWN FOR EACH DAY OR FRACTION THEREOF. CDW IS RENTER'S RESPONSIBILITY FOR \$1,500.00 (OR OTHER AMOUNT AS SHOWN BELOW) OF ACCIDENTAL COLLISION DAMAGE TO VEHICLE, REGARDLESS OF NEGLIGENCE. VIOLATION OF ANY OF THE PROVISIONS OF THIS AGREEMENT MAKES RENTER FULLY LIABLE FOR DAMAGE TO VEHICLE EVEN IF RENTER HAS PAID FOR CDW. CDW IS NOT INSURANCE. SEE SECTION 8 ON REVERSE SIDE.

UNLIMITED MILEAGE, WEEKEND SPECIAL, AND VACATION SPECIAL RATES DO NOT APPLY IF VEHICLE IS RETURNED TO A LOCATION OTHER THAN THE RENTING LOCATION. DISCOUNT RATES ONLY FOR SPECIFIED PERIOD.

ACCEPTS, DECLINES, PERSONAL ACCIDENT INSURANCE (PAI)

TOTAL TIME AND MILEAGE CHARGE, LESS DISCOUNT, CDW PER DAY, DROP FEES, OTHER

RENTER INITIALS TO ACCEPT AT RATE SHOWN OR DECLINE PAI FOR ACCIDENTAL LOSS OF LIFE AND MEDICAL COVERAGE FOR RENTER AND EACH PASSENGER. IF "ACCEPTS" RENTER ACKNOWLEDGES TO HAVE READ AND UNDERSTANDS THE BROCHURE GIVEN TO HIM AT THE TIME OF RENTAL WHICH DESCRIBES THE COVERAGE AND LIMITS.

SUB TOTAL, TAX OR SURCHARGE

ACCEPTS, DECLINES, PERSONAL EFFECTS COVERAGE (P.E.C.)

RATES DO NOT INCLUDE GASOLINE.

IF OFFERED, RENTER INITIALS TO ACCEPT AT RATE SHOWN OR DECLINE P.E.C. FOR COVERAGE OF PERSONAL PROPERTY OF RENTER AND HIS IMMEDIATE FAMILY. IF "ACCEPTS" RENTER ACKNOWLEDGES TO HAVE READ AND UNDERSTANDS THE BROCHURE GIVEN TO HIM AT THE TIME OF RENTAL WHICH DESCRIBES THE COVERAGE AND LIMITS.

FUEL GAUGE POSITION, OUT, IN

ONE-WAY RENTALS, DAILY AND HOURLY TIME WITH UNLIMITED MILEAGE, DROP CHARGE, DAILY AND HOURLY TIME PLUS MILEAGE, FLAT RATE, NOT ALLOWED

PREPAID VOUCHER OR COUPONS, DEPOSITS, ADDITIONAL CASH DEPOSITS

RENTER MUST IMMEDIATELY REPORT ANY ACCIDENT OR THEFT TO THE LOCAL POLICE AND TO THE RENTING LOCATION AND COMPLETE A BUDGET/SEARS ACCIDENT OR THEFT REPORT WITHIN 24 HOURS OF THE OCCURRENCE. IF RENTER RETURNS THE VEHICLE WITH LESS FUEL THAN WHEN RENTED, A REFUELING CHARGE WILL APPLY. RENTER ASSUMES RESPONSIBILITY FOR ALL PARKING VIOLATION FINES AND PENALTIES DURING THE TERM OF THE RENTAL.

PAI PER DAY, PEC PER DAY, OTHER, SUB TOTAL, LESS REFUND FOR

I HAVE READ, UNDERSTAND AND AGREE TO BE BOUND BY THE TERMS AND CONDITIONS ON BOTH SIDES OF THIS AGREEMENT. IF THIS RENTAL IS TO BE CHARGED ON A CREDIT CARD MY SIGNATURE BELOW WILL BE CONSIDERED TO HAVE BEEN MADE ON THE APPLICABLE CREDIT CARD VOUCHER AND I GIVE BUDGET PERMISSION TO FILL OUT AND SIGN THE VOUCHER ON MY BEHALF (SEE NO. 110 ON REVERSE SIDE). IF I USE MY SEARS CHARGE FOR THIS PURCHASE SUBJECT TO CREDIT APPROVAL BY SEARS, MY SEARS CHARGE ACCOUNT AGREEMENT IS INCORPORATED HEREIN BY REFERENCE FOR THE CREDIT SALE PRICE CONSISTING OF THE CASH PRICE PLUS THE FINANCE CHARGE.

DEPOSIT TOTAL, REFUND, RENTER'S INITIAL, NET DUE RENTER, NET DUE LOCATION

RENTER'S SIGNATURE, EMP. NO.

CK IN LOCATION, TA COMM. DUE, CHARGED, CASH/CK PAID, CHECK BILLING TYPE, BUDGET, SEARS

CONTRACT CLOSED SUBJECT TO FINAL AUDIT

CLOSED BY EMP NO.

The Renter agrees to all terms on both sides of this Agreement.

- 1) **VEHICLE:** The Vehicle, which includes tires, tools, equipment, accessories and Vehicle documents, does not belong to Renter, but is delivered to Renter for rental purposes only and is in good operating condition. THERE IS NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY VEHICLE COVERED BY THIS AGREEMENT.
- 2) **VEHICLE RETURN:** Renter will return the Vehicle in the same good operating condition to the place and on the due back date specified, or sooner upon demand.
- 3) **REPOSSESSION OF VEHICLE:** The Vehicle may be repossessed, at Renter's cost and without notice if it is not returned on the due back date, is illegally parked, used in violation of law or of this Agreement, appears to be abandoned, or if Renter gave false or misleading information at time of rental.
- 4) **AUTHORIZED DRIVERS:** In addition to Renter, the Vehicle may be driven by any Additional Driver who is named on the face of this Agreement, by a licensed driver who is a member of Renter's immediate family and resides in Renter's household and who is twenty-one (21) or over; or by a licensed driver who is a business partner or fellow employee of Renter and is twenty-one (21) or over, where such driving is incidental to business duties. These are the only "Authorized Drivers" who may drive the Vehicle.
- 5) **USE RESTRICTIONS:** Vehicle will not be used or operated by anyone.
 - A. Who has obtained the Vehicle by using false or misleading information; or
 - B. Who is not capable of safely driving the Vehicle due to alcohol, drugs, drowsiness, or otherwise; or
 - C. To transport people or property for compensation; or
 - D. In any race, training activity, contest or for any illegal purpose; or
 - E. To push or tow any vehicle or other object, or
 - F. In any abusive or reckless manner; or
 - G. On other than regularly maintained roadways, or
 - H. In Mexico, without the prior written permission of the renting location.
- 6) **LIABILITY INSURANCE:** IF THERE IS NO VIOLATION OF ANY OF THE USE RESTRICTIONS IN PARAGRAPH 5 ABOVE, Renter and any Authorized Driver shall, while operating the Vehicle, be provided with liability coverage in accordance with the standard provisions of a Basic Automobile Liability Insurance Policy or in accordance with the requirements of a qualified self-insurer instead of such coverage, for protection against liability for causing bodily injury (including death) and property damage with one of the following applicable coverage limits:
 - coverage limits which are the minimum requirements of the state financial responsibility or other applicable law where this rental transaction takes place; OR
 - coverage limits of \$100,000 for each person, but not more than \$300,000 for each occurrence, and property damage limits of up to \$25,000 for each occurrence if Renter, at time of rental, possessed valid Budget Corp Rate credentials or Sears Checklist Charge Card credentials.
 - A. All coverages automatically conform to the basic requirements of any "No-Fault" law which may be applicable. RENTER WAIVES UNINSURED AND UNDERINSURED MOTORIST, SUPPLEMENTAL NO-FAULT AND OTHER OPTIONAL COVERAGES.
 - B. If any coverages herein cannot be excluded or waived, Renter agrees that such coverages shall be automatically reduced to the minimum requirements of any financial responsibility or other applicable law and that such coverages shall be excess to any other applicable insurance.
 - C. Renter agrees to cooperate fully in the investigation and defense of and to deliver to the renting location every document relating to any accident claim or lawsuit
 - D. Renter will defend and indemnify the renting location, Budget and Sears from all loss, liability and expense in excess of the coverages available under the terms of this Agreement
- 7) **FIRE, THEFT OR COMPREHENSIVE DAMAGE:** Renter is not responsible for accidental loss of, or damage to, the Vehicle due to fire, theft, or any comprehensive peril, except Renter is liable for theft and damage up to the full value of the Vehicle if Renter or any Authorized Driver:
 - A. Breaches any provision of this Agreement, or
 - B. Allows an unauthorized driver to operate the Vehicle, or
 - C. Fails to report Vehicle theft or damage to the renting location; or
 - D. Allows another person, including any Authorized Driver, to come into possession of the Vehicle, or the keys to the Vehicle, and the Vehicle is not returned on the due back date
- 8) **COLLISION DAMAGE:** Renter is responsible for \$1,500.00, or other amount written on the reverse side, of collision damage to the Vehicle, unless Renter has accepted Collision Damage Waiver ("CDW") However, even if CDW has been accepted, Renter is liable for the cost to repair any collision damage to the Vehicle if Renter or any Authorized Driver.
 - A. Breaches any provision of this Agreement, or
 - B. Allows an unauthorized driver to operate the Vehicle, or
 - C. Fails to report collision damage to the renting location
- 9) **DAMAGED VEHICLE:** Renter will not use the Vehicle if it is damaged or in need of repair and will be responsible for all damage to the Vehicle resulting from such use.
- 10) **PARKING VIOLATIONS:** Renter will pay for all parking violation fines and penalties plus all costs incurred in the event Renter fails to make such payments. Renter agrees that in connection with any claimed violations, any information relating to Renter may be submitted to governmental authorities.
- 11) **PAYMENT:**
 - A. Renter will pay on demand all charges due under this Agreement.
 - B. All charges are subject to final audit, and if an error is found, either party shall promptly pay or credit the other, as appropriate, to correct the error.
 - C. If Renter has indicated that someone else or that some company will pay for charges due under this Agreement and payment is not made, Renter will pay upon demand.
 - D. Renter consents to the reservation of credit, by a credit card issuer, up to the amount of the estimated charges due under this Agreement and authorizes the renting location to process a credit card voucher, if applicable, in Renter's name, for all charges due under this Agreement.
 - E. Renter will pay interest at the highest rate permitted by law on any past due charges and will also pay any collection costs, including reasonable attorney's fees, if all charges are not paid when due.
- 12) **RENTER RESPONSIBILITY FOR PROPERTY:** Renter is solely responsible for any property left or stored in the Vehicle, shuttle bus, or anywhere at the renting location, no matter who received, stored or handled the property.
- 13) **FAILURE TO RETURN VEHICLE:** If Renter fails to return the Vehicle on the due back date or within 24 hours following a written or oral demand to Renter (which demand, if in writing, shall be considered delivered forty-eight (48) hours after the mailing of a certified letter addressed to the residence or business address of Renter as shown on the reverse side), Renter will be deemed to be in unlawful possession of the Vehicle and to have authorized the issuance of a warrant for the arrest of Renter or any person possessing the Vehicle.
- 14) **VEHICLE REPAIRS:** Renter will not permit any repair to or replacement of any part on the Vehicle without the prior consent of the renting location and Renter agrees to pay for all such unauthorized repairs and parts
- 15) **MISCELLANEOUS:**
 - A. Renter will pay all costs incurred by the renting location, Budget and Sears, and will defend and indemnify these parties from all claims, demands and lawsuits resulting from:
 - 1) the issuance of a warrant for the arrest of Renter or any person operating the Vehicle; and
 - 2) any action by the renting location, including self-help, used to get the Vehicle back or otherwise enforce the terms of this Agreement, and
 - 3) any action against the renting location, Budget or Sears resulting from Renter's breach of this Agreement.
 - B. The renting location, Budget and Sears shall have no liability for any indirect, special or consequential damages arising in connection with the furnishing, performance or use of the Vehicle or for any claim based upon the failure to honor a vehicle reservation requested by Renter.
 - C. Renter shall not be considered the agent or employee of the renting location, Budget or Sears for any purpose whatsoever.
 - D. Renter agrees to everything stated on both sides of this Agreement, which is the entire Agreement between the parties. Renter agrees that this Agreement can only be changed in writing and if signed or initialed by both the renting location and Renter.

THE BUDGET/SEARS OPERATION RENTING THE VEHICLE COVERED BY THIS AGREEMENT
IS AN INDEPENDENTLY OWNED AND OPERATED LICENSEE
OF THE BUDGET RENT A CAR FRANCHISE SYSTEM

FARMERS INSURANCE GROUP TESTIMONY

HOUSE BILL 2719

Thank you Mr. Chairman and members of the committee, my name is Lee Wright and I represent Farmers Insurance Group. We appreciate this opportunity to make a few brief comments on House Bill 2719 regarding collision damage waiver contracts.

We have reviewed Representative Turnquist's bill and feel it would have no adverse effect on our auto insurance operation in Kansas. We would have no objection to its passage.

For the committee's general information, I would like to point out that these waiver contracts have caused some confusion for our insureds as our agents and claims people often report receiving questions regarding the necessity of purchasing these contracts and how they work.

As far as our own auto policy is concerned, if an insured carries collision coverage on his personal automobile, we would afford coverage for the rental vehicle, and pay the difference between the insured's own deductible and the rental company's deductible. So, for example, if our insured carried a \$100.00 deductible and the collision waiver deductible were \$1,000.00, our insured would only be responsible for his \$100.00 deductible and we would pick up the remaining \$900.00. Although I always hesitate to speak for the rest of the industry, I do believe most of the auto insurers are handling the situation in the same manner.

Attachment 3
House Insurance 2/4/86

We at Farmers Insurance Group are truly interested in seeing that our insured's receive the exact type of coverage they need and desire for their hard earned premium dollar. Because there does exist some confusion regarding these waiver agreements, and because the rental contracts often vary widely from company to company, perhaps some Insurance Department scrutiny may be advised.

Lee E. Wright
Legislative Representative
Farmers Insurance Group