

November 1, 1990

SUBJECT: INSURANCE

Circular Letter No. 15 (1990)
November 1, 1990

TO: ALL RENTAL CAR COMPANIES AND FRANCHISEES IN THIS STATE ALL AUTHORIZED INSURERS PROVIDING RELEVANT COVERAGES

RE: LIMITED LICENSE REQUIRED TO SELL CERTAIN KINDS OF INSURANCE TO CONSUMERS RENTING MOTOR VEHICLES IN NEW YORK STATE

Chapter 408 of the Laws of 1990 became effective October 8, 1990, adding Section 2131 to the Insurance Law. New Section 2131 requires a limited agent's license for any rental vehicle company (or any of its franchisees) whose employees sell certain insurance coverages relating to the rental of motor vehicles. The purpose of this Circular Letter is to indicate, for the benefit of the rental car industry and insurers interested in providing relevant coverage, the key principles and procedures involved in first obtaining and then maintaining the requisite limited license.

Pursuant to Section 2131, each rental vehicle company on behalf of itself and its corporate locations, and every rental vehicle franchisee in its own right, seeking to offer in this State the kinds of insurance enumerated in Section 2131 must obtain a limited license from the Insurance Department to sell such insurance. As a prerequisite, the rental vehicle entity needs to secure a certificate from an insurer authorized to write such kinds of insurance in this State granting express permission to act as that insurer's agent in regard to the sale of insurance in connection with renting motor vehicles in New York, in the event a limited license is issued by the New York State Insurance Department. This limited agent license will authorize the licensee, through duly trained and supervised personnel, to sell only the following kinds of insurance:

- (a) Excess automobile liability insurance, which provides coverage against third-party bodily injury and property damage protecting the rental car company or franchisee, the renter, and any authorized drivers, in excess of the liability coverage provided by the rental vehicle company under its rental agreement, which must furnish at least the minimum financial responsibility requirements to own or operate a motor vehicle in this State.
- (b) Accident and health insurance, which provides to the renter and vehicle occupants, injured in an accident occurring during the rental period, coverage for: (1) medical payments excess over basic No-Fault benefits; or (2) accidental death or dismemberment.
- (c) Personal effects insurance, which provides the renter and vehicle occupants coverage for personal items in transit lost, stolen or damaged during the rental period.
- (d) Other similar insurance, if duly approved in advance by the Superintendent of Insurance, such as cargo, bail bonds, or trip interruption coverage. Rental car companies wishing to offer any such type of insurance coverage should have the insurer providing such coverages apply directly to the Superintendent for prior approval.

In applying for this limited license, the applicant will be expected to complete an application, pay the statutory licensing fee, and furnish the following information:

- (1) A list of the rental vehicle locations in this State where insurance will be sold under the limited license, specifying names and positions of responsible managers who can be contacted by the Insurance Department and by the public, describing the manner in which they can be contacted.
- (2) A description of the employee training program, in terms of teaching content, materials and approach, designed to meet the requirements of this law, for the Superintendent's prior approval. Pursuant to Section 2131, the training shall consist of basic instruction sufficient for personnel to achieve comprehension and to impart understanding to consumers at point of sale about the kinds of insurance offered. A description of the supervision process for ongoing management oversight should also be included. (The limited licensee should thereafter maintain for inspection by the Insurance Department updated listings, with work locations, of its personnel who have completed the approved training.)
- (3) The name and address of the insurance company, licensed by the New York Insurance Department and authorized to write the kinds of insurance involved, which has agreed to provide insurance for which the applicant will act as its limited agent, specifying the kind(s) of insurance that each such insurer will provide for sale by the applicant, if licensed, together with a certificate signed by an officer of the insurer stating that the insurer is satisfied that the applicant for the limited license is trustworthy and competent to act as its agent for the limited purposes permitted by this law.
- (4) A copy of the policy form(s) providing the coverage (or policy form number), identifying the approval date. If the form has not been approved, the applicant should specify whether Department approval is pending. In any event, the applicant should identify the particular policy form as either a group or an individual insurance product.
- (5) True copies of all brochures that summarize insurance coverages, application forms and instructions, and any other written material given or made available to prospective renters. These written materials should describe the nature of the coverages offered, disclose the possibility of duplicative coverage, stress that the purchase of such coverages is not required in order to rent a vehicle, explain the cost to the renter in purchasing any coverage, describe a straightforward process for filing a claim, and emphasize meaningful disclosure.

To obtain training guidelines, approval of courses and brochures, insurer's certificate, and an application for this limited license, please contact E. Joseph Smith, Director of Licensing Services, State of New York Insurance Department, Agency Building One, Empire State Plaza, Albany, New York 12257. Any questions concerning this Circular Letter or Section 2131 implementation can be directed to Mr. Smith (518-474-7159) in the Licensing Bureau.

Pursuant to Section 2131(a), insurers providing relevant coverages in connection with motor vehicle rental operations must be licensed in New York. Appropriate rate and policy form filings should be made by such insurers. Pursuant to Sections 2307(b) and 3201, policy forms must be approved, prior to issuance, by the Superintendent of Insurance.

For coverage under (a), (c) or (d) above, filings should be submitted to the Property and Casualty Insurance Bureau, in the Insurance Department's New York City offices, located at 160 West Broadway, New York, New York 10013. Any questions concerning rate or policy form review should be directed to Janet Glover (212-602-0355), Assistant Chief, Property & Casualty Insurance Bureau.

Filings for coverage under (b) above should be submitted to the Health and Life Policy Bureau, in the Department's Albany offices, Empire State Plaza, Albany New York 12257, to the attention of Mary L. Burns, Senior Insurance

Attorney (518-473-2414).

Very truly yours,

[SIGNATURE]

SALVATORE R. CURIALE

SUPERINTENDENT OF INSURANCE