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Sale of Insurance Policies by Car Rental Agencies

Sec. 38a-799-1. Definitions

As used in sections 38a-799-1 through 38a-799-9, inclusive, of the Regulations of Connecticut State Agencies:

(1) "Applicant" means a rental company seeking a permit from the commissioner to sell insurance in conjunction with the rental of vehicles;

(2) "Commissioner" means the Insurance Commissioner of the State of Connecticut;

(3) "Calendar quarter" means a three month period beginning on January 1, April 1, July 1 and October 1 of each year.

(4) "Department" means the Insurance Department of the State of Connecticut;

(5) "Permit" means a certificate of authority granted to a rental company by the commissioner authorizing such rental company to offer certain kinds of insurance in conjunction with the rental of vehicles;

(6) "Permittee" means a rental company authorized, pursuant to sections 38a-799-1 through 38a-799-9, inclusive, of the Regulations of Connecticut State Agencies, to sell the categories of insurance enumerated in subsection (b) of section 1 of Public Act 99-127 in connection with the rental of vehicles;

(7) "Rental agreement" means rental agreement as defined by section 1 of Public Act 99-127;

(8) "Rental company" means rental company as defined by section 1 of Public Act 99-127;

(9) "Renter" means renter as defined by section 1 of Public Act 99-127;

(10) "Vehicle" means vehicle as defined by section 1 of Public Act 99-127;

(Adopted effective June 29, 2000)

Sec. 38a-799-2. Categories

(a) No rental company may offer for sale any categories of insurance products other than the categories set forth in subsection (b) of section 1 of Public Act 99-127.

(b) No rental company may offer for sale any insurance products unless such products are issued by an insurance company authorized to do business in this state and unless policy forms and premium rates for such products have been filed by such insurance company with, or have been approved by, the commissioner in accordance with the provisions of Title 38a of the general statutes.

(Adopted effective June 29, 2000)

Sec. 38a-799-3. Requirements for a permit

(a) The commissioner may issue to a rental company that has complied with sections 38a-799-1 through 38a-799-9, inclusive, of the Regulations of Connecticut State Agencies a permit authorizing the rental company to offer insurance coverage for sale in connection with the rental of vehicles.

(b) An applicant for a permit shall file with the commissioner (1) a written application for a permit on a form approved by the commissioner and signed by an officer, partner, owner or principal of the applicant; (2) a list of all rental locations within this state in which the applicant conducts business and in which insurance will be offered; (3) any and all appointment applications with each authorized insurance company that the applicant will represent; and (4) the fee specified in section 38a-11 of the Connecticut General Statutes. Permittees shall notify the commissioner, in writing, of any change in the information provided pursuant to

subdivisions (1), (2) and (3) of this subsection no later than thirty days after the date of such change.

(c) No permit shall be issued or renewed by the commissioner unless the applicant submits all the documentation set forth in subsection (b) of this section and the fees required under section 38a-11 of the Connecticut General Statutes.

(d) A rental company granted a permit from the commissioner shall maintain a list of all employees who engage in insurance activities on its behalf. Such list shall be updated every time that the rental company trains newly hired employees by conducting a training session required pursuant to section 38a-799-6 of the Regulations of Connecticut State Agencies or at the beginning of every calendar quarter, whichever is earlier. Such list shall contain an employee's name, social security number, date of hiring, date in which training took place and, if applicable, date of termination of employment.

(e) A rental company shall maintain a copy of all policy forms applicable to the insurance products available for sale through the rental company and a record of the relevant period in which such forms were available.

(f) A rental company shall maintain a copy of the outline, description and summary of a training program that meets the requirements of section 38a-799-5 of the Regulations of Connecticut State Agencies.

(Adopted effective June 29, 2000)

Sec. 38a-799-4. Conditions

(a) No permittee may offer any insurance coverage under sections 38a-799-1 through 38a-799-9 of the Regulations of Connecticut State Agencies unless the underlying period of the rental agreement is sixty consecutive days or less.

(b) No permittee may offer any insurance coverage unless such permittee holds a direct appointment, in writing, by an insurance company authorized to transact business in this state, to solicit, negotiate or effect contracts of insurance on behalf of such insurance company.

(c) A permittee shall maintain in plain sight at every rental location where insurance coverage is offered, and give to all prospective renters who elect to purchase optional insurance coverage, before insurance coverage is effected, brochures or other written material that summarize, clearly and correctly in plain language consistent with the provisions of chapter 699a of the general statutes, (1) all terms, conditions and exclusions, if any, of the coverage offered, including the identity of the insurance company that underwrites the coverage provided and the process for filing a claim in the event of a loss to the renters who elect to purchase such coverage; (2) the price, benefits, advantages and limitations of the coverage offered; (3) that the insurance being offered to renters may duplicate coverage already provided by a renter's personal automobile insurance policy or by another source of coverage; and (4) that the purchase by the renter of any kind of insurance offered pursuant to sections 38a-799-1 through 38a-799-9 of the Regulations of Connecticut State Agencies is not required in order for a renter to rent a vehicle.

(d) A rental agreement shall contain, or have attached thereto, in ten point type or larger, a summary of the following information: (1) terms, conditions and exclusions, if any, of the coverage offered, including the identity of the insurance company underwriting the coverage provided and the process for filing a claim in the event of a loss to the renters who elect to purchase such coverage; (2) the price charged for insurance and the amount of coverage being purchased; (3) that the insurance being offered to renters may duplicate coverage already provided by a renter's personal automobile insurance policy or by another source of coverage; and (4) that

the purchase by the renter of any kind of insurance offered pursuant to the rental agreement is not required in order for a renter to rent a vehicle.

(e) Cost for insurance shall be itemized separately in the rental agreement or may be contained in a separate invoice distinct from the rental agreement and signed by a representative of the rental company and by the renter.

(f) The rental company shall give to renters a copy of the rental agreement and, if applicable, of the separate invoice showing the insurance products that the renter has opted to purchase and the coverage to which the renter is entitled. Such copies shall be signed by a representative of the rental company and shall be conclusive proof of insurance coverage thereof.

(Adopted effective June 29, 2000)

Sec. 38a-799-5. Training

(a) Each rental company offering insurance to renters pursuant to sections 38a-799-1 through 38a-799-9 of the Regulation of Connecticut State Agencies shall conduct a training program for all employees who will act on behalf of the rental company with respect to the marketing of insurance products to prospective renters.

(b) Each employee who will act on behalf of the rental company with respect to the marketing of insurance to renters shall receive instruction about the categories of insurance that the rental company offers for sale. Such instruction shall (1) impart a general knowledge of all the terms used in the insurance contracts marketed to renters; (2) provide a general understanding of the nature, extent of coverage, conditions and exclusions of the insurance products being offered; (3) provide instructions to the employees to acknowledge to prospective renters that optional insurance coverages are not required in order to rent a vehicle; (4) provide instructions to employees to acknowledge to prospective renters that the insurance offered may duplicate existing coverage; and (5) provide instructions to employees that they may not hold themselves or the rental company out as licensed insurance producers or agents.

(Adopted effective June 29, 2000)

Sec. 38a-799-6. Advertising

No rental company granted a permit by the commissioner pursuant to sections 38a-799-1 through 38a-799-9, inclusive, of the Regulations of Connecticut State Agencies shall advertise, represent, or otherwise hold itself out as a licensed insurance producer or agent. No employee acting on behalf of a rental company with regard to the sale of insurance products to renters may advertise, represent or otherwise hold himself out as an insurance producer or agent, unless such employee holds a valid license in this state authorizing him to act as a producer.

(Adopted effective June 29, 2000)

Sec. 38a-799-7. Compensation

No employee of a rental company may directly receive additional compensation, fees or commissions dependent on the premium received for placing insurance under the terms of the rental company's permit, except that a rental company may include the sale of insurance products in an overall performance compensation incentive plan for employees.

(Adopted effective June 29, 2000)

Sec. 38a-799-8. Records

(a) All records pertaining to the transaction of insurance by a rental company shall be retained by the rental company for a period of not less than three years

and shall be made available and open for inspection to the commissioner or his representatives at any time during normal business hours.

(b) The commissioner may, at any time, require such information as the commissioner deems necessary with respect to the business methods and insurance transactions of a rental company granted a permit under sections 38a-799-1 through 38a-799-9 inclusive of the Regulations of Connecticut State Agencies. Any information requested by the commissioner pursuant to this subsection shall be furnished by the rental company not later than fifteen days after receiving a written request thereof.

(Adopted effective June 29, 2000)

Sec. 38a-799-9. Penalties

(a) The commissioner, after reasonable notice to and hearing of any rental company granted a permit under sections 38a-799-1 through 38a-799-9 inclusive of the Regulations of Connecticut State Agencies, may suspend or revoke the permit for cause shown. In addition to or in lieu of suspension or revocation, the commissioner may impose a fine not to exceed the fine amount established in section 1 of public act 99-127.

(b) Any person aggrieved by the action of the commissioner in revoking, suspending or refusing to grant or reissue a permit or in imposing a fine may appeal therefrom, in accordance with the provisions of section 4-183 of the general statutes, except venue for such appeal shall be in the judicial district of Hartford. Appeals under this section shall be privileged in respect to the order of trial assignment.

(c) Pursuant to section 4-183 of the general statutes, the filing of an appeal under this section shall not, of itself, stay enforcement of the department's decision. An application for a stay may be made to the department, to the court or to both. A stay, if granted, shall be on appropriate terms.

(Adopted effective June 29, 2000)