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March 4, 2020

To: The Honorable Dereck E. Davis  
Chair, Economic Matters Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: House Bill 1142 – Commercial Law – Rental Motor Vehicles – Collision Damage  
Waivers (SUPPORT)

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The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 1142 submitted by Delegate David Fraser-Hidalgo. This bill extends the definition of a private passenger vehicle for a collision damage waiver to include a Class E vehicle that is used primarily for a personal, household, family or agricultural purpose.

Generally, when renting a vehicle, the rental company is required to provide the person renting the vehicle with a collision damage waiver form prepared by the Division that advises the lessee that they should check their automobile insurance policy to see whether the rental vehicle is covered before agreeing to pay for the collision damage waiver offered by the rental company. The collision damage waiver would provide that the lessor of the vehicle, for a charge, will waive all or part of any claims against the lessee for damages to the rental vehicle during the term of the rental agreement. However, if the consumer renting the vehicle has coverage through their auto insurance policy, they may not want to pay for the collision damage waiver. Currently, the law only requires that the disclosure form be provided to consumers who rent Class A passenger vehicles and Class M multipurpose vehicles, which are generally used to transport passengers. These are the types of vehicles that are most often rented by the average homeowner or consumer.

However, consumers may also find the need to rent a Class E vehicle from time to time to move their household goods or to set up a special family event. These vehicles do not require a special license to operate them and are readily obtainable from places like U-Haul, Budget Van Lines and Home Depot. Consumers who rent these vehicles should also be provided with the disclosure form advising them that they should check with their insurance company before agreeing to purchase a collision damage waiver, just as they do for other rented vehicles.



For these reasons, we ask that the Economic Matters Committee return a favorable report on this bill.

cc: The Honorable David Fraser-Hidalgo  
Members, Economic Matters Committee