

Title 23. Public Utilities and Regulated Industries
Chapter I. State Insurance Department, Department of Commerce
Subchapter A. Generally
Part 8. Limited License for Rental Companies

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"SECTION 2. AUTHORITY

This Rule is issued under the authority vested in the Commissioner of Insurance ("Commissioner") by Ark. Code Ann. Section 23-64-304(a).

SECTION 3. EFFECTIVE DATE

This Rule and Regulation shall be effective December 1, 1999."

Subpart 1. Generally

23 CAR § 8-101. Purpose.

(a) The purpose of this rule is to establish requirements and standards for a limited license for rental companies by the Insurance Commissioner.

(b) The commissioner may issue to a rental company a limited license authorizing the limited licensee to offer or sell insurance in connection with the rental of vehicles.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-102. Applicability.

This rule shall be applicable to those rental companies holding a limited license pursuant to Arkansas Code § 23-64-205.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-103. Definitions.

As used in this part:

(1) "Limited license" means the authority of a person or entity authorized to sell certain coverages relating to the rental of vehicles pursuant to the provisions of this part;

(2) "Rental agreement" means any written agreement setting forth the terms and conditions governing the use of a vehicle provided by the rental company for rental or lease;

(3) "Rental company" means any person or entity in the business of providing primarily private passenger vehicles to the public under a rental agreement for a period not to exceed ninety (90) days;

(4) "Rental period" means the term of the rental agreement;

(5) "Renter" means any person obtaining the use of a vehicle from a rental company under the terms of a rental agreement for a period not to exceed ninety (90) days; and

(6) "Vehicle" or "rental vehicle" means a motor vehicle of the:

(A) Private passenger type, including:

- (i) Passenger vans;
- (ii) Minivans; and
- (iii) Sport utility vehicles; and

(B) Cargo type, including:

- (i) Cargo vans;
- (ii) Pick-up trucks; and
- (iii) Trucks with a gross vehicle weight of less than twenty-six thousand pounds (26,000 lbs.) and which do not require the operator to possess a commercial driver's license.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-104. Issuance of license to rental company.

(a)(1) For issuance of a limited license, the applicant shall file a written application with the Insurance Commissioner for a limited license.

(2) The application shall be signed by an officer of the applicant and contain such information as the commissioner may prescribe.

(b) Pursuant to the administrative and regulatory fee in Arkansas Code § 23-61-706(b), the licensing fee for nonresident and resident rental companies shall be thirty-five dollars (\$35.00) each year.

(c) The license of rental companies shall be renewed each year on the anniversary date of licensure.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-105. Violation and penalty.

If any provision of this part is violated by a limited licensee, the Insurance Commissioner may after notice and a hearing:

(1) Revoke or suspend a limited license issued under this part in accordance with the provisions of law; or

(2) Impose such other penalties, including suspending the transaction of insurance at specific rental locations where violations of this part have occurred, as the commissioner deems to be necessary or convenient to carry out the purposes of this part.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-106. Authority of rental company with limited license.

(a) The rental company licensed pursuant to this part may offer or sell insurance underwritten by a licensed insurer or authorized surplus lines carrier only in connection with and incidental to the rental of vehicles.

(b) These provisions apply whether rental occurs at the rental office or by preselection of coverage in a master, corporate, group rental, or individual agreement in any of the following general categories:

(1) Personal accident insurance covering the risks of travel, including but not limited to accident and health insurance that provides coverage, as applicable, to renters and other rental vehicle occupants for accidental death or dismemberment and reimbursement for medical expenses resulting from an accident that occurs during the rental period;

(2) Liability insurance, which, at the exclusive option of the rental company, may include uninsured and underinsured motorist coverage whether offered separately or in combination with other liability insurance, that provides coverage, as applicable, to renters and other authorized drivers of rental vehicles for liability arising from the operation of the rental vehicle;

(3) Personal effects insurance that provides coverage, as applicable, to renters and other vehicle occupants for the loss of, or damage to, personal effects that occurs during the rental period;

(4) Roadside assistance and emergency sickness protection programs; and

(5) Any other travel or auto-related coverage that a rental company offers in connection with and incidental to the rental of vehicles.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-107. Restrictions on type of insurance rental company has authority to issue.

A limited licensee can only issue insurance if it meets the following provisions:

(1) The rental period of the rental agreement does not exceed ninety (90) consecutive days;

(2) At every rental location where rental agreements are executed, brochures or other written materials are readily available to the prospective renter that:

(A) Summarize, clearly and correctly, the material terms of coverage offered to renters, including the identity of the insurer;

(B) Disclose that the coverage offered by the rental company may provide a duplication of coverage already provided by a renter's:

(i) Personal automobile insurance policy;

(ii) Homeowner's insurance policy;

(iii) Personal liability insurance policy; or

(iv) Other source of coverage;

(C) State that the purchase by the renter of the kinds of coverage specified in this part is not required in order to rent a vehicle; and

(D) Describe the process for filing a claim in the event the renter elects to purchase coverage and in the event of a claim; and

(3) Evidence of coverage is disclosed within the rental agreement provided to every renter who elects to purchase such coverage.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-108. Authority of employee of rental company.

Any limited license issued under this part shall also authorize any employee of the limited licensee to act individually on behalf, and under the supervision, of the limited licensee with respect to the kinds of coverage specified in this part.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-109. Training of employee of rental company.

Each rental company licensed pursuant to this part shall conduct a training program in which employees being trained shall receive basic instruction about the kinds of coverage specified in this part and offered for purchase by prospective renters of rental vehicles.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-110. Funds do not need to be treated as funds accepted in a fiduciary capacity.

(a) Notwithstanding any other provision of this part, or any rule adopted by the Insurance Commissioner, a limited licensee pursuant to this part shall not be required to treat moneys collected from renters purchasing such insurance when renting vehicles as funds received in a fiduciary capacity, provided that the charges for coverages shall be:

- (1) Itemized; and
- (2) Ancillary to a rental transaction.

(b) The sale of insurance not in conjunction with a rental transaction shall not be permitted.

Authority. Arkansas Code § 23-61-108.

23 CAR § 8-111. Rental company shall not act as a licensed insurer, agent, or broker.

No limited licensee under this part shall advertise, represent, or otherwise hold itself or any of its employees out as licensed:

- (1) Insurers;
- (2) Insurance agents; or
- (3) Insurance brokers.

Authority. Arkansas Code § 23-61-108.