

are repealed. Any action of the commissioner of natural resources under authority of those subdivisions is void.

(d) Laws 1990, chapter 521, section 4, is repealed.

Sec. 127. **EFFECTIVE DATES.**

Sections 18, subdivision 5; 30 to 47; 49; 57; 69; 71; 76; 79; 95; 96; 98; 100 to 103; 108; 112; 115; 116; 123 to 125; 126, paragraphs (b), (c), and (d); and all provisions of this act making appropriations for fiscal year 1995, are effective the day following final enactment. Section 51 is effective the day following final enactment and is repealed December 31, 1995. Section 52 is effective May 1, 1996. Sections 117 to 121 are effective August 1, 1997. All other provisions of this act are effective July 1, 1995.

Presented to the governor May 22, 1995

Signed by the governor May 25, 1995, 3:12 p.m.

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**CHAPTER 225—S.F.No. 1204**

*An act relating to insurance; no-fault auto; regulating rental vehicle coverages; determining when a vehicle is rented; modifying the right to compensation for loss of use of a damaged rented motor vehicle; providing for limits of vicarious liability for motor vehicle lesors; amending Minnesota Statutes 1994, section 65B.49, subdivision 5a.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1994, section 65B.49, subdivision 5a, is amended to read:

Subd. 5a. **RENTAL VEHICLES.** (a) Every plan of reparation security insuring a natural person as named insured, covering private passenger vehicles as defined under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section 168.011 must provide that all of the obligation for damage and loss of use to a rented private passenger vehicle, including pickup trucks and vans as defined under section 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less would be covered by the property damage liability portion of the plan. This subdivision does not apply to plans of reparation security covering only motor vehicles registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational equipment as defined under section 168.011. The obligation of the plan must not be contingent on fault or negligence. In all cases where the plan's property damage liability coverage is less than \$35,000, the coverage available under the subdivision must be \$35,000. Other than as described in this paragraph, nothing in this section amends or alters the provisions of the plan of reparation security as to primacy of the coverages in this section.

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(b) A vehicle is rented for purposes of this subdivision if:

(1) if the rate for the use of the vehicle is determined on a monthly, weekly, or daily basis. A vehicle is not rented for purposes of this subdivision if the rate for the vehicle's use is determined on a monthly or longer period; or

(2) during the time that a vehicle is loaned as a replacement for a vehicle being serviced or repaired regardless of whether the customer is charged a fee for the use of the vehicle.

A vehicle is not rented for the purposes of this subdivision if the rate for the vehicle's use is determined on a period longer than one month or if the term of the rental agreement is longer than one month. A vehicle is not rented for purposes of this subdivision if the rental agreement has a purchase or buyout option or otherwise functions as a substitute for purchase of the vehicle.

(c) The policy or certificate issued by the plan must inform the insured of the application of the plan to private passenger rental vehicles, including pickup trucks and vans as defined under section 168.011, and that the insured may not need to purchase additional coverage from the rental company.

(d) Where an insured has two or more vehicles covered by a plan or plans of reparation security containing the rented motor vehicle coverage required under paragraph (a), the insured may select the plan the insured wishes to collect from and that plan is entitled to a pro rata contribution from the other plan or plans based upon the property damage limits of liability. If the person renting the motor vehicle is also covered by the person's employer's insurance policy or the employer's automobile self-insurance plan, the reparation obligor under the employer's policy or self-insurance plan has primary responsibility to pay claims arising from use of the rented vehicle.

(e) A notice advising the insured of rental vehicle coverage must be given by the reparation obligor to each current insured with the first renewal notice after January 1, 1989. The notice must be approved by the commissioner of commerce. The commissioner may specify the form of the notice.

(f) When a motor vehicle is rented ~~or leased~~ in this state ~~on a weekly or daily basis~~, there must be attached to the rental contract a separate form containing a written notice in at least 10-point bold type, if printed, or in capital letters, if typewritten, which states:

Under Minnesota law, a personal automobile insurance policy issued in Minnesota must cover the rental of this motor vehicle against damage to the vehicle and against loss of use of the vehicle. Therefore, purchase of any collision damage waiver or similar insurance affected in this rental contract is not necessary if your policy was issued in Minnesota.

No collision damage waiver or other insurance offered as part of or in conjunc-

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tion with a rental of a motor vehicle may be sold unless the person renting the vehicle provides a written acknowledgment that the above consumer protection notice has been read and understood.

(g) When damage to a rented vehicle is covered by a plan of reparation security as provided under paragraph (a), the rental contract must state that payment by the reparation obligor within the time limits of section 72A.201 is acceptable, and prior payment by the renter is not required.

(h) ~~To be compensated for the loss of use of a damaged rented motor vehicle, the car rental company must prove:~~

~~(1) that had the vehicle been available, it would have been rented; and~~

~~(2) that no other vehicle was available for rental in place of the damaged vehicle.~~

The standard of proof set forth in this paragraph does not limit the responsibility of a reparation obligor to provide an insured with coverage for any loss of use for which the reparation obligor is otherwise responsible. A car rental company may be compensated for loss of use of a damaged rental motor vehicle only for the period when the damaged car actually would have been rented. Compensation for the loss of use of a damaged rented motor vehicle is limited to a period no longer than 14 days.

(i)(1) For purposes of this paragraph, "rented motor vehicle" means a rented vehicle described in paragraph (a), using the definition of "rented" provided in paragraph (b).

(2) Notwithstanding section 170.54, an owner of a rented motor vehicle is not vicariously liable for legal damages resulting from the operation of the rented motor vehicle in an amount greater than \$100,000 because of bodily injury to one person in any one accident and, subject to the limit for one person, \$300,000 because of injury to two or more persons in any one accident, and \$50,000 because of injury to or destruction of property of others in any one accident, if the owner of the rented motor vehicle has in effect, at the time of the accident, a policy of insurance or self-insurance, as provided in section 65B.48, subdivision 3, covering losses up to at least the amounts set forth in this paragraph. Nothing in this paragraph alters or affects the obligations of an owner of a rented motor vehicle to comply with the requirements of compulsory insurance through a policy of insurance as provided in section 65B.48, subdivision 2, or through self-insurance as provided in section 65B.48, subdivision 3; or with the obligations arising from section 72A.125 for products sold in conjunction with the rental of a motor vehicle. Nothing in this paragraph alters or affects liability, other than vicarious liability, of an owner of a rented motor vehicle.

(3) The dollar amounts stated in this paragraph shall be adjusted for inflation based upon the consumer price index for all urban consumers, known as the CPI-U, published by the United States Bureau of Labor Statistics. The dollar

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amounts stated in this paragraph are based upon the value of that index for July, 1995, which is the reference base index for purposes of this paragraph. The dollar amounts in this paragraph shall change effective January 1 of each odd-numbered year based upon the percentage difference between the index for July of the preceding year and the reference base index, calculated to the nearest whole percentage point. The commissioner shall announce and publish, on or before September 30 of the preceding year, the changes in the dollar amounts required by this paragraph to take effect on January 1 of each odd-numbered year. The commissioner shall use the most recent revision of the July index available as of September 1. Changes in the dollar amounts must be in increments of \$5,000, and no change shall be made in a dollar amount until the change in the index requires at least a \$5,000 change. If the United States Bureau of Labor Statistics changes the base year upon which the CPI-U is based, the commissioner shall make the calculations necessary to convert from the old base year to the new base year. If the CPI-U is discontinued, the commissioner shall use the available index that is most similar to the CPI-U.

## Sec. 2. EFFECTIVE DATE; APPLICATION.

Section 1 is effective August 1, 1995. The provision relating to the determination of when a vehicle is rented applies to plans of reparation security issued or renewed on or after that date and the remainder of the act applies to causes of action arising from incidents occurring on or after that date.

Presented to the governor May 23, 1995

Signed by the governor May 25, 1995, 8:44 a.m.

## CHAPTER 226—H.F.No. 1700

*An act relating to the organization and operation of state government; appropriating money for the judicial branch, public safety, public defense, corrections, and related purposes; providing for the implementation of, clarifying, and modifying certain criminal and juvenile provisions; providing for the implementation of, clarifying, and modifying certain penalty provisions; increasing the number of judges; establishing and expanding pilot programs, grant programs, task forces, committees, and studies; directing that rules be adopted and amended; providing for the implementation of, clarifying, and modifying certain provisions regarding truancy and school safety; providing penalties; amending Minnesota Statutes 1994, sections 2.722, subdivision 1, and by adding a subdivision; 3.732, subdivision 1; 16A.285; 120.14; 120.73, by adding a subdivision; 125.05, by adding a subdivision; 125.09, subdivision 1; 127.20; 127.27, subdivision 10; 145A.05, subdivision 7a; 152.18, subdivision 1; 171.04, subdivision 1; 171.29, subdivision 2; 176.192; 179A.03, subdivision 8; 242.31, subdivision 1; 243.166; 243.23, subdivision 3; 243.51, subdivisions 1 and 3; 243.88, by adding a subdivision; 260.015, subdivision 21; 260.115, subdivision 1; 260.125; 260.126, subdivision 5; 260.131, subdivision 4, and by adding a subdivision; 260.132, subdivisions 1, 4, and by adding a sub-*

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