

CHAPTER 563

S.B. No. 1049

AN ACT

relating to notice of insurance coverage before acceptance of collision damage waivers under car rental and lease agreements; providing a penalty.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. The Revised Statutes are amended by adding Article 9026 to read as follows:

*Art. 9026. COLLISION DAMAGE WAIVER; RENTAL OF MOTOR VEHICLES*

*Sec. 1. In this Act, "collision damage waiver" means a waiver in a motor vehicle rental contract under which the rental person or agency agrees to limit the amount of the renter's liability to the rental person or agency in the event the motor vehicle rented is damaged while in the custody of the renter under the contract.*

*Sec. 2. No person or other business entity engaged in renting motor vehicles may sell to any person renting a motor vehicle in this state a collision damage waiver as part of the rental contract unless the rental person or entity first gives the renter written disclosure, as provided in Section 3 of this article, of the terms and provisions of such waiver.*

*Sec. 3. A waiver disclosure notice shall be made a part of the face of the rental contract either by stamp, label, or as part of the written contract, and the person or entity selling such waiver must obtain written acknowledgement that the renter has read and understands the notice at the time the waiver is sold.*

*Sec. 4. The waiver disclosure notice shall be in no smaller print than 10-point boldface type and shall contain the following disclosures:*

*(1) that the purchase of the collision damage waiver is not mandatory to the renting of the vehicle;*

*(2) that coverage under the renter's motor vehicle insurance policy purchased and in force in this state may cover the same amounts as covered by the collision damage waiver; and*

*(3) that by signing the rental contract the renter may become responsible for any damage to the vehicle even if not at fault.*

*Sec. 5. Failure of the seller of a collision damage waiver in a motor vehicle rental contract to provide the disclosures in accordance with Sections 3 and 4 of this article constitutes a violation of Section 17.12, Business & Commerce Code.*

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the

constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 7, 1987, by a viva-voce vote. Passed the House on May 30, 1987, by a non-record vote.

Approved June 18, 1987.

Effective Aug. 31, 1987, 90 days after date of adjournment.