

# SENATE, No. 4302

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED DECEMBER 9, 2019

**Sponsored by:**

**Senator JOSEPH P. CRYAN**

**District 20 (Union)**

### **SYNOPSIS**

“Private Vehicle Rental Modernization Act.”

### **CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning vehicle rental transactions, and amending  
2 P.L.1953, c.173 and supplementing Title 39 of the Revised  
3 Statutes.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. This act shall be known and may be cited as the “Private  
9 Vehicle Rental Modernization Act.”

10  
11 2. As used in P.L. , c. (C. ) (pending before the  
12 Legislature as this bill):

13 "Group policy" means an insurance policy issued pursuant to  
14 section 5 of P.L. , c. (C. ) (pending before the Legislature as  
15 this bill).

16 “Motor vehicle rental company” means any corporation, sole  
17 proprietorship or other entity or person, including a franchisee,  
18 engaged in the business of facilitating vehicle rental transactions  
19 which occur in this State. “Motor vehicle rental company” excludes  
20 a private rental vehicle owner, who makes no more than three  
21 vehicles available for rent through any private vehicle rental  
22 program, or through any combination of private vehicle rental  
23 programs, during a twelve-month period.

24 “Program rental period” or “rental period” means the period of  
25 time when a renter takes possession and control of a vehicle  
26 available for private vehicle rental, includes the time when that  
27 vehicle is under the control of the program provider, and continues  
28 until the following conditions are met:

29 (1) the vehicle is:

30 (a) retrieved by the owner or owner’s designee;

31 (b) returned to a location agreed upon by the owner and the  
32 renter; or

33 (c) returned to a location designated by the program provider;  
34 and

35 (2) one of the following occurs:

36 (a) the time period established through the program expires;

37 (b) the renter verifiably communicates to the program provider  
38 or owner that they deem the rental period terminated; or

39 (c) the owner or the program provider takes possession and  
40 control of the vehicle.

41 "Private rental vehicle" or “vehicle” means a motor vehicle  
42 owned and registered to an individual that is used in a private  
43 vehicle rental program and which is insured, or subject to being  
44 insured, under a private passenger automobile insurance policy by  
45 the registered owner.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 (1) A private rental vehicle shall not be considered an autocab  
2 or taxi as defined in R.S.48:16-1, a limousine as defined in  
3 R.S.48:16-13 or section 2 of P.L.1997, c.356 (C.48:16-13.1), an  
4 autobus or jitney as defined in R.S.48:16-23, a motor bus as defined  
5 in section 1 of P.L.1991, c.154 (C.17:28-1.5), or any other for-hire  
6 vehicle.

7 (2) A private rental vehicle shall not be considered an  
8 automobile as defined in subsection a. of section 2 of P.L.1972,  
9 c.70 (C.39:6A-2) during a program rental period.

10 "Private rental vehicle owner" or "owner" means the registered  
11 owner of a private rental vehicle available for rent through a private  
12 vehicle rental program.

13 "Private vehicle rental" means the use of a private rental vehicle  
14 by persons other than the vehicle's registered owner, in connection  
15 with a private vehicle rental program.

16 "Private vehicle rental program" or "program" means any means,  
17 digital or otherwise, by which a private vehicle rental is facilitated  
18 by a private vehicle rental program provider.

19 "Private vehicle rental program provider" or "program provider"  
20 means the corporation, sole proprietorship or other entity or person  
21 that is responsible for operating, facilitating or administering  
22 vehicle rental transactions through a private vehicle rental program.

23 "Private vehicle renter" or "renter" means a person, other than  
24 the private rental vehicle owner, who rents the owner's vehicle  
25 through a private vehicle rental program.

26 "Vehicle rental transaction" means the transfer of possession of a  
27 private rental vehicle from the owner to a renter, for a  
28 consideration, without the transfer of ownership of that motor  
29 vehicle.

30

31 3. a. A vehicle rental transaction facilitated by a private  
32 vehicle rental program provider shall be subject to all statutory and  
33 regulatory obligations for motor vehicle rental vehicles,  
34 transactions, and companies including, but not limited to  
35 compliance with following:

36 (1) municipal taxes and fees, including, but not limited to  
37 section 20 of P.L. 2009, c.90 (C.40:48H-2);

38 (2) motor vehicle safety requirements including but not limited  
39 to child passenger safety restraint systems as provided in section 1  
40 of P.L.1983, c.128 (C.39:3-76.2a) and the provision of an  
41 appropriate child restraint as provided in section 2 of P.L.1985,  
42 c.202 (C.45:21-14);

43 (3) any sales and use taxes as provided in P.L.1966, c.30  
44 (C.54:32B-1 et seq.);

45 (4) plain language in consumer contracts as provided in  
46 P.L.1980, c.125 (C.56:12-1 et seq.);

1 (5) the prohibition on the transportation of passengers for hire  
2 by a lessee or bailee of a motor vehicle as provided by R.S. 45:21-  
3 9;

4 (6) the "New Jersey Business Corporation Act," N.J.S. 14A:1-  
5 1 et seq.; and

6 (7) the rental motor vehicle surcharge imposed by section 54 of  
7 P.L. 2002, 34 (C. App.A:9-78).

8 b. Any notice or disclosure required to be provided, delivered,  
9 posted, or otherwise made available pursuant to any motor vehicle  
10 rental company shall also be deemed timely and effectively made  
11 when that notice or disclosure is provided or delivered  
12 electronically at or before the time required or included in a  
13 member or master agreement in effect at the time of rental. For the  
14 purposes of P.L. , c. (C. ) (pending before the Legislature as  
15 this bill), a master or member agreement shall include, but not be  
16 limited to, any service:

17 (1) offered by a company that permits customers to bypass a  
18 retail service location and obtain a product or service directly;

19 (2) for which the rental company does not require the renter to  
20 execute a rental agreement at the time of rental; or

21 (3) for which the renter does not receive the rental terms and  
22 conditions at the time of rental.

23 c. Electronic or written acceptance by a renter shall be a valid  
24 form of acceptance of any notice or disclosure, and acceptance shall  
25 remain effective until that acceptance is affirmatively withdrawn by  
26 the renter.

27 d. Notices and disclosures made pursuant to  
28 P.L. , c. (C. ) (pending before the Legislature as this bill),  
29 shall be exempt from any placement or stylistic display  
30 requirements, including but not limited to location, font size,  
31 typeset, or other specifically-stated description; so long as those  
32 disclosures are generally consistent in appearance with the entirety  
33 of the communication in which it is contained.

34 e. If a motor vehicle rental company facilitates rentals via  
35 digital, electronic, or other means that allow customers to obtain  
36 possession of a vehicle without in person contact with an agent or  
37 employee of the provider, or where the renter does not execute a  
38 rental contract at the time of rental, the motor vehicle rental  
39 company shall be deemed to have met all obligations to physically  
40 inspect and compare a renter's driver license pursuant to P.L.1949,  
41 c.206 (C.45:21-12) if that provider:

42 (1) at the time a renter enrolls, or any time thereafter, in a  
43 membership program, master agreement, or other means of  
44 establishing use of the provider's services, requires verification that  
45 the renter is a licensed driver; or

46 (2) prior to the renter taking possession of the rental vehicle, the  
47 provider requires documentation that verifies the renter's identity.

1       4. a. No private passenger automobile insured, or subject to  
2 being insured, by its registered owner pursuant to P.L.1972, c. 197  
3 (C.39:6B-1) shall be classified as a commercial vehicle, for-hire  
4 vehicle, permissive use vehicle, taxicab or livery solely because its  
5 registered owner allows it to be used for private vehicle rental, as  
6 long as all of the following circumstances apply:

7       (1) the private vehicle rental is compliant with a personal  
8 vehicle rental program as provided for in P.L. , c. (C. )  
9 (pending before the Legislature as this bill);

10       (2) the owner, or program provider, does not knowingly place  
11 the vehicle, or allow the vehicle to be placed, into use as a  
12 commercial vehicle, or as a vehicle for hire by a private vehicle  
13 renter, while the vehicle is utilized for private vehicle rental; and

14       (3) the number of private passenger automobiles a single  
15 individual, or multiple individuals residing in the same household,  
16 has enrolled in any private vehicle rental program, or combination  
17 of private vehicle rental programs, does not exceed four.

18       b. A private passenger automobile insurer may cancel or refuse  
19 coverage to an owner solely due to the number of vehicles enrolled  
20 in private vehicle rental, if the number of vehicles enrolled in any  
21 private rental program, or combination of programs, either by the  
22 insured, or in combination with other household residents, exceeds  
23 four.

24       c. A program provider for each vehicle for which it facilitates  
25 the rental, shall:

26       (1) procure group insurance coverage for each vehicle engaged  
27 in private vehicle rental and each authorized driver of that vehicle  
28 during the rental period. That insurance shall, at a minimum,  
29 provide for each vehicle:

30       (a) liability coverage at least equal to the minimum financial  
31 responsibility requirements for personal passenger motor vehicles  
32 of the state in which the vehicle is registered; and

33       (b) property and casualty coverage including comprehensive and  
34 collision protection, in accordance with subsection d. and e. of  
35 section 5 of P.L. , c. (C. ) (pending before the Legislature as  
36 this bill);

37       (2) provide the registered owner of the vehicle engaged in  
38 private vehicle rental with suitable proof of compliance with the  
39 insurance requirements of this section and the requirements of  
40 P.L.1985, c.520 (C.17:28-1.4), a copy of which shall be maintained  
41 in the vehicle by the owner whenever the vehicle is operated by a  
42 renter, or person other than the owner, pursuant to a private vehicle  
43 rental program;

44       (3) not permit the vehicle to be operated for commercial use or  
45 as a vehicle for hire by a renter while engaged in private vehicle  
46 rental;

47       (4) provide each renter, for each rental transaction under the  
48 program, at the time of each rental:

- 1 (a) access to an insurance identification card approved for use  
2 by the state in which the vehicle is registered; or other  
3 documentation, able to be carried in the vehicle at all times during  
4 the rental period, that proves the insurance coverage referred to in  
5 paragraph (1) of this subsection is in full force and effect; and
- 6 (b) the means, via a toll-free number, email address or other  
7 form of communication with a law enforcement police officer, a  
8 representative of the motor vehicle commission or other officer of  
9 the state in which the vehicle is registered or any political  
10 subdivision thereof, to confirm in real time that insurance coverage  
11 provided for in paragraph (1) of this subsection is in effect;
- 12 (5) require that every vehicle made available for private vehicle  
13 rental complies with the minimum financial responsibility  
14 requirements of the state in which the vehicle is registered;
- 15 (6) require that every vehicle used in a program is a private  
16 rental vehicle;
- 17 (7) facilitate the installation, operation, and maintenance of its  
18 own signage and computer hardware and software to the extent  
19 necessary for the vehicle to be used in the program;
- 20 (8) indemnify and hold harmless the owner for the cost of  
21 damage or theft of equipment installed by the program provider  
22 under paragraph (7) of this subsection for any damage caused to the  
23 vehicle by the installation, operation, or maintenance of that  
24 equipment;
- 25 (9) collect, maintain and make available, to any government  
26 agency as required by law, at the cost of the program, the owner's  
27 primary motor vehicle liability insurer, the renter's primary  
28 automobile, excess, or umbrella insurer; and the following  
29 information pertaining to incidents that occurred during any rental  
30 period:
- 31 (a) verifiable records of the rental period for each vehicle, and  
32 to the extent electronic equipment for monitoring the following  
33 information is installed in the vehicle, verifiable electronic records  
34 of the time, initial and final locations of the vehicle, and to the  
35 extent mileage is collected miles driven; and
- 36 (b) in instances in which an insurance claim has been filed with  
37 a group insurer, any and all information relevant to the claim,  
38 including payments by the program provider concerning accidents,  
39 damages and injuries; and
- 40 (10) ensure that the owner and renter are given notice prior to  
41 the first use or operation of a private rental vehicle pursuant to  
42 enrollment in a private vehicle rental program, that:
- 43 (a) during the rental period, the owner's insurer may exclude  
44 any and all coverage afforded to its policy and the owner's insurer  
45 shall have the right to notify an insured that it shall have no duty to  
46 defend or indemnify any person or organization for liability for any  
47 loss that occurs during the rental period; and

1 (b) the group policy and physical damage coverage contract may  
2 not provide coverage outside of the rental period.

3  
4 5. a. Notwithstanding any other provision of law or any  
5 provision in a private passenger automobile insurance policy, in the  
6 event of a loss or injury that occurs during the rental period or while  
7 the private rental vehicle is otherwise under the control of a private  
8 vehicle rental program provider, the program provider shall be  
9 deemed the owner of the vehicle. The program provider shall retain  
10 this liability irrespective of a lapse in the group policy or any  
11 insurance policy under which the program is insured, or whether  
12 liability is covered under the group policy or any insurance policy  
13 under which the program is insured.

14 b. A program provider's group policy shall provide coverage  
15 during the rental period for an owner's private passenger  
16 automobile in use as a private rental vehicle.

17 c. The insurer or insurers providing group liability insurance to  
18 the private vehicle rental program pursuant to subsection a. of  
19 section 6 of P.L. , c. (C. ) (pending before the Legislature as  
20 this bill) and group physical damage insurance to the private vehicle  
21 rental program pursuant to subsection d. of section 6 of  
22 P.L. , c. (C. ) (pending before the Legislature as this bill)  
23 shall assume liability for a claim in which a dispute exists as to who  
24 was in control of the vehicle when the loss occurred giving rise to  
25 the claim, and the owner's private passenger automobile insurer  
26 shall indemnify the private vehicle rental program's group insurer or  
27 insurers, to the extent of its obligation under the applicable  
28 insurance policy, if it is determined that the vehicle's owner was in  
29 control of the vehicle at the time of the loss. The program shall  
30 notify the owner's insurer of any such dispute within 10 business  
31 days of becoming aware that such a dispute exists.

32 d. If the owner of the vehicle or its insurer is named as a  
33 defendant in a civil action for a loss or injury that occurs during any  
34 time within the rental period, or otherwise under the control of a  
35 private vehicle rental program provider, the program's group  
36 liability insurance insurer under subsection a. of section 6 of  
37 P.L. , c. (C. ) (pending before the Legislature as this bill)  
38 shall have the duty to defend and indemnify the vehicle's owner and  
39 the owner's insurer, subject to the provisions of subsection c. of this  
40 section.

41 e. Notwithstanding any other provision of law to the contrary,  
42 while a private rental vehicle is used by a person other than its  
43 owner, pursuant to a private vehicle rental facilitated through a  
44 private vehicle rental program, all of the following shall apply:

45 (1) the insurer of that vehicle may exclude any and all coverage  
46 for liability, uninsured, underinsured, collision physical damage and  
47 comprehensive physical damage benefits and first-party benefits  
48 that may otherwise be afforded pursuant to its policy; and

1 (2) the primary and excess insurer or insurers of the owner of  
2 the private rental vehicle used in a private vehicle rental program  
3 shall have the right to notify the insured that it has no duty to  
4 defend or indemnify any person or organization for liability for any  
5 loss that occurs during the rental period of the vehicle in a private  
6 vehicle rental program.

7 f. No owner's policy of insurance shall be cancelled, voided,  
8 terminated, rescinded, or non-renewed, solely on the basis that the  
9 private rental vehicle has been made available for private vehicle  
10 rental pursuant to a private vehicle rental program that is in  
11 compliance with the provisions of this section, provided that:

12 (1) the provisions of this subsection shall not pertain to  
13 cancellations in accordance with the provisions of P.L.1968, c.158  
14 (C.17:29C-7);

15 (2) an insurer may refuse to enroll a vehicle in a usage-based  
16 insurance program, where that usage-based insurance program  
17 continually monitors usage electronically to determine acceleration,  
18 braking, miles driven if other indicia of driving behavior, if that  
19 vehicle is used in a private vehicle rental program under  
20 P.L. , c. (C. ) (pending before the Legislature as this bill);  
21 and

22 (3) an insurer may cancel or non-renew a policy that insures a  
23 vehicle used in the private vehicle rental program if that vehicle is  
24 enrolled in such a usage-based insurance program. The insurer  
25 must immediately offer the insured a new policy with the same  
26 coverages and pre-existing rates, but without enrollment in the  
27 usage-based insurance program.

28

29 6. An insurer authorized or eligible to do business in this State  
30 may issue, or issue for delivery in this State, a group policy of  
31 liability and property and casualty insurance to a private vehicle  
32 rental program provider to insure the private vehicle rental program,  
33 and the renters, authorized drivers and occupants of the private  
34 rental vehicle, as well as the program provider, its agents,  
35 employees, directors, officers and assigns.

36 a. A policy issued pursuant to this section shall:

37 (1) provide first party coverage, liability, property,  
38 comprehensive, collision, and uninsured/underinsured motorist  
39 coverage for the private rental vehicle and its authorized operators  
40 and occupants for claims and damages resulting from the use or  
41 operation of that vehicle during the rental period;

42 (2) provide that the policy shall be primary with respect to any  
43 other insurance available to the owner of the private rental vehicle,  
44 and the policy shall be secondary with respect to any other  
45 insurance available to the renter, authorized or permissive operator  
46 and occupants of the private rental vehicle; and

47 (3) provide that the insurer shall comply with the provisions of  
48 P.L.1952, c.173 (C.39:6-23 et seq.); and



1 (4) provide that for the purposes of group insurance written  
2 under this section only, the rates charged by the insurer for group  
3 liability insurance as provided for in this section shall be filed with  
4 the Department of Banking and Insurance on a file and use basis.

5 b. An insurer which issues an insurance policy described in  
6 subsection a. of this section shall issue that policy identifying the  
7 private vehicle rental program and program provider as the named  
8 insureds. The policy shall include a provision that provides  
9 coverage, without prior notice to the insurer, for all private rental  
10 vehicles during the rental period and shall further include a  
11 provision that the vehicles' renters, authorized or permissive  
12 operators and occupants are included as insureds under the policy to  
13 the same extent that they would be insureds under a motor vehicle  
14 policy issued pursuant to P.L.1968, c.385 (C.17:28-1.1).

15 c. A program provider may contractually assume the risk of  
16 physical damage loss to private rental vehicles during the time that  
17 the vehicles are in the custody of the private vehicle renter or  
18 private vehicle rental program provider and any assumption of risk  
19 of physical damage loss to the vehicle shall not be deemed to be  
20 physical damage insurance.

21 d. An insurer which is authorized or eligible to do business in  
22 the State may issue a group policy of physical damage insurance to  
23 a private vehicle rental program and to the owners of vehicles  
24 participating in that program to insure against physical damage loss  
25 to vehicles while the vehicles are in the custody of the private  
26 vehicle rental program or private vehicle renter. Such group policy  
27 shall provide primary coverage for physical damage loss either by  
28 collision, comprehensive, or both, to the vehicle while it is in the  
29 custody of the private vehicle rental program or a private vehicle  
30 renter.

31 e. If the group coverage provided for in subsection d. of this  
32 section is placed with an eligible surplus lines insurer, compliance  
33 with the surplus lines statutes and regulations of this State shall be  
34 performed with respect to the group as a whole and not with respect  
35 to individual group members.

36 f. An insurer which issues a group insurance policy described  
37 in subsection d. of this section shall issue such policy identifying  
38 the private vehicle rental program as the named insured, and that  
39 policy shall include a provision that provides primary coverage,  
40 without prior notice to the insurer, for all private rental vehicles  
41 during the rental period, and shall further include a provision that  
42 claims will be adjusted pursuant to P.L.1947, c.379 (C.17:29B-1 et  
43 seq.), and it shall further include physical damage coverage for  
44 damage or loss to the owner's vehicle incurred during the rental  
45 period at a level no less than that of third party physical damage  
46 coverage.

1       7. Section 3 of P.L.1952, c.173 (C.39:6-25) is amended to read  
2 as follows:

3       3. (a) If 20 days after the receipt of a report of a motor  
4 vehicle accident within this State which has resulted in bodily  
5 injury or death, or damage to the property of any one person in  
6 excess of \$500.00, the director does not have on file evidence  
7 satisfactory to him that the person who would otherwise be required  
8 to file security under subsection b. of this section has been released  
9 from liability, or has been finally adjudicated not to be liable, or has  
10 executed a duly acknowledged written agreement providing for the  
11 payment of an agreed amount in installments with respect to all  
12 claims for injuries or damages resulting from the accident, and in  
13 the event of an accident involving an automobile, required to have  
14 coverage for personal injury protection benefits pursuant to  
15 P.L.1972, c.70 (C.39:6A-1 et seq.), has also reimbursed or has  
16 executed a duly acknowledged written agreement to pay an agreed  
17 amount in installments to reimburse the Unsatisfied Claim and  
18 Judgment Fund for the payment of all personal injury protection  
19 benefits the fund has made or shall make pursuant to section 7 or  
20 section 10 of P.L.1972, c.198 (C.39:6-86.1 and C.39:6-86.4) by  
21 reason of the failure of such person to have the requisite insurance  
22 coverage in effect, the director shall determine the amount of  
23 security which may be necessary in his judgment to satisfy any  
24 reimbursement, judgment or judgments for damages resulting from  
25 such accident as may be recovered against each operator or owner  
26 in view of the total insurance protection available to the injured  
27 party. The Director of the Division of Motor Vehicles shall  
28 promulgate such rules as may be necessary to set forth those  
29 instances where deposit of security is necessary.

30       (b) The director may, within 90 days after the receipt of such  
31 report of a motor vehicle accident, suspend the license of each  
32 operator and all registrations of each owner of a motor vehicle in  
33 any manner involved in such accident, and if such operator is a  
34 nonresident the privilege of operating a motor vehicle within this  
35 State, and if such owner is a nonresident the privilege of the use  
36 within this State of any motor vehicle owned by him, unless such  
37 operator or owner or both shall deposit security in the sum so  
38 determined by the director; provided, notice of such suspension  
39 shall be sent by the director to such operator and owner not less  
40 than 10 days prior to the effective date of such suspension and shall  
41 state the amount required as security. Where erroneous information  
42 is given the director with respect to the matters set forth in  
43 paragraph (1), (2) or (3) of subsection c. of this section, he may take  
44 appropriate action as hereinbefore provided, within 90 days after  
45 receipt by him of correct information with respect to said matters.

46       (c) This section shall not apply under the conditions stated in  
47 section 4 of this act nor:

1 (1) To such operator or owner, if such owner had in effect, at  
2 the time of such accident, a motor vehicle liability policy with  
3 respect to the motor vehicle involved in such accident;

4 (2) To such operator, if not the owner of such motor vehicle, if  
5 there was in effect at the time of such accident a motor vehicle  
6 liability policy or bond with respect to his operation of motor  
7 vehicles not owned by him;

8 (3) To such operator or owner if the liability of such operator or  
9 owner for damages resulting from such accident is, in the judgment  
10 of the director, covered by any other form of liability insurance  
11 policy or bond; nor

12 (4) To any person qualifying as a self-insurer under section 30  
13 of this act, or to any person operating a motor vehicle for such self-  
14 insurer.

15 No such policy or bond shall be effective under this section  
16 unless issued by an insurance company or surety company  
17 authorized to do business in this State, except that if such motor  
18 vehicle was not registered in this State, or was a motor vehicle  
19 which was registered elsewhere than in this State at the effective  
20 date of the policy or bond, or the most recent renewal thereof, such  
21 policy or bond shall not be effective under this section unless the  
22 insurance company or surety company if not authorized to do  
23 business in this State shall execute a power of attorney authorizing  
24 the director to accept service on its behalf of notice or process in  
25 any action upon such policy or bond arising out of such accident;  
26 provided, however, every such policy or bond is subject, if the  
27 accident has resulted in bodily injury or death, to a limit, exclusive  
28 of interest and costs, of not less than \$15,000.00 because of bodily  
29 injury to or death of one person in any one accident and, subject to  
30 said limit for one person, to a limit of not less than \$30,000.00  
31 because of bodily injury to or death of two or more persons in any  
32 one accident, and, if the accident has resulted in injury to or  
33 destruction of property, to a limit of not less than \$5,000.00 because  
34 of injury to or destruction of property of others in any one accident  
35 and if policy or bond is applicable to an automobile required to  
36 have coverage for personal injury protection benefits pursuant to  
37 P.L. 1972, c. 70 (C. 39:6A-1 et seq.), it shall include an amount to  
38 cover personal injury protection benefits as required by that act.

39 (d) In the case of a private rental vehicle that is used in  
40 connection with a private vehicle rental program, as those terms are  
41 defined in section 1 of P.L. , c. (C. ) (pending before the  
42 Legislature as this bill), the insurance requirements set forth in  
43 subsection (a) of this section shall be met by a group insurance  
44 policy, as specified in section 6 of P.L. , c. (C. ) (pending  
45 before the Legislature as this bill), issued to a program provider and  
46 to the private vehicle renters and authorized or permissive drivers of  
47 that program for any time that the private rental vehicle is being  
48 used in connection with the private vehicle rental program.

1     (e) In the case of financial security procured by a program  
2 provider of a private vehicle rental program pursuant to section 5 of  
3 P.L. , c. (C. ) (pending before the Legislature as this bill), the  
4 program provider shall provide the Chief Administrator of the  
5 Motor Vehicle Commission with proof of financial security in the  
6 form of a group insurance policy covering itself and the owners of  
7 all private rental vehicles registered in this State that participate in  
8 the program as insured group members, covering those vehicles  
9 while they are being used in conjunction with that program. Such  
10 proof shall not be used in connection with the registration of the  
11 vehicles and no such vehicle shall be registered unless the owner of  
12 the vehicle separately complies with P.L.1972, c.197 (C.39:6B-1).  
13 (cf: P.L.1988, c.119, s.12)

14  
15         8. This act shall take effect immediately.

#### 16 17 18   STATEMENT

19  
20         This bill, to be known and cited as the “Private Vehicle Rental  
21 Modernization Act,” regulates certain aspects of the emerging  
22 business of “peer-to-peer” private motor vehicle rental transactions,  
23 also sometimes referred to as personal vehicle sharing programs.

24         The bill requires private vehicle rental program providers and  
25 vehicle rental transactions, that are facilitated by private vehicle  
26 rental program providers, to comply with all statutory and  
27 regulatory obligations for private passenger motor vehicle rental  
28 transactions, and companies, including, but not limited to,  
29 compliance with following:

30         (1) municipal taxes and fees;

31         (2) motor vehicle safety requirements, including but not limited  
32 to child passenger safety restraint systems as provided in section 1  
33 of P.L.1983, c.128 (C.39:3-76.2a) and the provision of an  
34 appropriate child restraint as provided in section 2 of P.L.1985, c.20  
35 (C.45:21-14);

36         (3) any sales and use taxes;

37         (4) plain language in consumer contracts as provided in  
38 P.L.1980, c.125 (C.56:12-1 et seq.);

39         (5) the prohibition on the transportation of passengers for hire  
40 by a lessee or bailee of a motor vehicle as provided by R.S. 45:21-  
41 9;

42         (6) the "New Jersey Business Corporation Act;" and

43         (7) the rental motor vehicle surcharge imposed by section 54 of  
44 P.L. 2002, 34 (C. App.A:9-78).

45         This bill defines a “vehicle rental transaction” as the transfer of  
46 possession of a motor vehicle, for a consideration, without the  
47 transfer of ownership of that motor vehicle. The bill defines a  
48 “private vehicle rental program provider” as the corporation, sole

1 proprietorship or other entity, or person that is responsible for  
2 operating, facilitating, or administering vehicle rental transactions  
3 through a private vehicle rental program. Lastly, the bill defines  
4 “private vehicle rental program” as any means, digital, or otherwise,  
5 which facilitate a private vehicle rental by a private vehicle rental  
6 program provider.

7 This bill allows for any notices or disclosures, that must be made  
8 by motor vehicle rental companies, to be made electronically. The  
9 bill also exempts all notices and disclosures made pursuant to the  
10 bill from any stylistic display requirements.

11 The bill requires private vehicle rental program providers to  
12 procure group insurance coverage for each vehicle and authorized  
13 driver of any such vehicle during the rental period. That insurance  
14 shall, at a minimum, provide for each vehicle, the minimum  
15 financial responsibility requirements for personal passenger motor  
16 vehicles of the state in which the vehicle is registered, and property  
17 and casualty coverage including comprehensive and collision  
18 protection. For each rental transaction, the private vehicle rental  
19 program provider must provide each renter access to an insurance  
20 identification card and the means to confirm that coverage.

21 The bill mandates that, in the event of a loss or injury during the  
22 rental period or while the motor vehicle is under the control of a  
23 private vehicle rental program provider, the private vehicle rental  
24 program provider is deemed the owner of the vehicle.

25 The bill allows an insurer to issue liability, and property and  
26 casualty insurance to a private vehicle rental program provider to  
27 insure the private vehicle rental program, and the renters,  
28 authorized drivers, and occupants of the private rental vehicle, as  
29 well as the private vehicle rental program provider. The bill also  
30 allows an insurer to issue a group policy of physical damage  
31 insurance to a private vehicle rental program and to the owners of  
32 vehicles participating in that program to insure against physical  
33 damage loss to vehicles while the vehicles are in the custody of the  
34 private vehicle rental program or private vehicle renter.

35 This bill modifies the Motor Vehicle Security-Responsibility  
36 Law so that group insurance policies, as specified in the bill, meet  
37 the insurance requirements of that law. The bill also establishes that  
38 private vehicle rental program providers can procure financial  
39 security in the form of a group insurance policy and report such  
40 security to the Chief Administrator of the Motor Vehicle  
41 Commission.