

**STATEMENT OF THE AMERICAN CAR RENTAL ASSOCIATION  
BEFORE THE  
HAWAII HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE**

**OPPOSITION TO H.B. 1991**

February 28, 2024

Chairman Nakashima and Members of the House Consumer Protection and Commerce Committee -- The American Car Rental Association (ACRA) respectfully offers this testimony in **opposition** to H.B. 1991. H.B. 1991 would change U-drive motor vehicle insurance policy requirements and we ask that the committee reject this measure.

ACRA is the national representative for over 98% of our nation's car rental industry. ACRA's membership is comprised of over 300 car rental companies, including all of the brands you would recognize such as Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Sixt and Thrifty. ACRA members also include many system licensees and franchisees, mid-size, regional and independent car rental companies as well as smaller operators. ACRA members have over 2.1 million registered vehicles in service in the United States, with fleets ranging in size from one million cars to ten cars and employ over 160,000 workers at rental locations in every county and state across the nation.

H.B. 1991 proposes to restructure the rental car insurance coverage to place the rental company as the provider of primacy insurance coverage and increase the minimums required to insure renters.

First of all, the bill would reverse current Hawaii law which holds the renter of a U-drive motor vehicle primarily liable for any damage or injury caused by his or her negligence while driving the vehicle and make the U-drive company “primary”. Current Hawaii law comports with the law in 47 other states that the driver of a rental car is primarily liable and the car rental company secondarily liable. This bill would turn Hawaii’s existing law completely around and put the state in a very small minority of states that hold the U-drive company primarily liable.

The overwhelming majority of states recognize that responsibility for claims that arise out of the operation of a rented vehicle should lie with the renter. These states appropriately hold a renter – the person who signed a contract to return the rental vehicle without damage and generally the person who caused the damage or injury -- responsible as the primary party for the accidents that arise out of his or her use of a rented vehicle. The only jurisdictions that mandate a rental company be primarily liable for third party damages arising from the renter’s use of our members’ vehicles without a right of recovery are New York, Massachusetts, and South Carolina.

In fact, the recent trend has been against making U-drive companies primarily liable. In the last several years, Arizona, the District of Columbia, Maryland, South Dakota, and West Virginia have all changed their state laws to hold the renter primarily liable. To ACRA’s knowledge, no state in the past decade has taken the step Hawaii is contemplating through this legislation – this bill would have Hawaii “swimming against the tide” on this subject.

The majority of renters retain their own personal motor insurance policy. These policies generally provide coverage

when the insured is operating a motor vehicle, including rental cars. Renters also have the opportunity to voluntarily purchase the needed insurance coverage needed for their journey from the U-drive company. If the renter has caused the accident and has had the opportunity to secure insurance to cover his or her negligence, it is not appropriate to force a car rental company to step into his or her shoes as the entity primarily liable for the renter's negligence.

H.B. 1991 would, for reasons that have not been articulated – increase the state minimum financial responsibility requirements for U-drive vehicles in Hawaii to four times what is required for a personal vehicle – or for any other commercial vehicle operating in the state. Such provisions are discriminatory against U-drive companies, are not supported by any data that damages related to accidents involving U-drive vehicles are most costly than those involving personal vehicles, and are a fairly blatant effort to legislatively create “deep pockets” for personal injury litigation at the behest of certain portions of the legal profession in Hawaii.

For the reasons above, ACRA respectfully **opposes** H.B.1991 and asks the committee to reject this measure.

If ACRA's statement has given rise to questions, please contact Gregory M. Scott, ACRA's Government Relations Advisor, at 202-297-5123 or [gscott@merevir.com](mailto:gscott@merevir.com). Thank you for the opportunity to submit this testimony.