



House of Representatives

General Assembly

File No. 619

January Session, 2003

Substitute House Bill No. 6421

House of Representatives, May 1, 2003

The Committee on Judiciary reported through REP. LAWLOR of the 99th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING LIABILITY OF PERSONS RENTING OR LEASING MOTOR VEHICLES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 14-154a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003, and*
3 *applicable to leases entered into on or after said date*):

4 Any person renting or leasing to another any motor vehicle owned
5 by him shall be liable for any damage to any person or property
6 caused by the operation of such motor vehicle while so rented or
7 leased, to the same extent as the operator would have been liable if he
8 had also been the owner. The provisions of this section shall not apply
9 to any lessor of noncommercial private passenger motor vehicles that
10 leases any such vehicle under a contract which provides for a total
11 lease term of one year or more if, at the time damages are incurred, the
12 leased vehicle is insured by the lessee or operator for bodily injury
13 liability in amounts of not less than two hundred fifty thousand dollars

14 per person and five hundred thousand dollars per occurrence.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003, and applicable to leases entered into on or after said date</i>

JUD *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Judicial Dept.	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill limits the vicarious liability of car leasing companies for compensatory damages by exempting them from liability if: (1) the lease term is for one year or more; and (2) the lessee or operator is insured for bodily injury liability that is greater than or equal to \$250,000 per person and \$500,000 per occurrence. There is no related fiscal impact.

A person who is injured by an authorized driver can sue either the driver only, the rental company only, or both together - which is what typically happens. Some motor vehicle tort cases could be disposed of more quickly by removing a party from the proceedings (the rental company) and thus simplifying claims.¹ However, the resulting efficiency is not expected to substantially alter the caseload of the Superior Court such that savings would be generated and appropriations reduced.

¹ There were a total of 13,000 Motor Vehicle tort cases disposed in FY 02. It is unknown how many cases involved rental companies.

OLR Bill Analysis

sHB 6421

AN ACT CONCERNING LIABILITY OF PERSONS RENTING OR LEASING MOTOR VEHICLES

SUMMARY:

This bill creates an exception to the vicarious liability statute currently applicable to people in the motor vehicle rental or leasing business. Under current law, a person renting or leasing a vehicle that he owns to another person is liable for damage the driver causes to the same extent as the driver would be if he owned the car. The bill exempts lessors who lease noncommercial passenger vehicles to others under contract for at least one year if, when the damages are incurred, the lessee or driver insures the vehicle for bodily injury liability of at least (1) \$250,000 per person and (2) \$500,000 per occurrence. This provision does not apply to short-term leases or rentals.

EFFECTIVE DATE: October 1, 2003, and applicable to leases entered into on or after that date.

COMMITTEE ACTION

Banks Committee

Change of Reference

Voice Vote

Insurance and Real Estate Committee

Change of Reference

Voice Vote

Judiciary Committee

Joint Favorable Substitute

Yea 41 Nay 0

