

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation Committee

BILL: SB 1030

SPONSOR: Senator Campbell

SUBJECT: Vehicles/Financial Responsibility

DATE: March 9, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Favorable
2.			BI	
3.			JU	
4.				
5.				
6.				

I. Summary:

SB 1030 expands the scope of the definition of the term “rental company” to include the holder of a motor vehicle title or an equity interest in a motor vehicle title if the title or equity interest is held under an asset-backed securitization of a fleet of motor vehicles under the dominion and control of a rental company in the operation of such rental company’s business. This expansion would allow the holder of title to qualify for the protections in s. 324.021(9)(b)2., F.S., which provide a rental company is liable for the operation of the vehicle or the acts of the operator only up to \$100,000 per person and up to \$300,000 per incident for bodily injury, and up to \$50,000 for property damage. Several of the larger rental car companies have established this type of business arrangement with companies which are the holders of the motor vehicle titles of the rental cars, and those companies are seeking protection from liability.

This bill substantially amends section 324.024 of the Florida Statutes.

II. Present Situation:

Vicarious Liability

Vicarious liability is a legal doctrine imposing indirect legal responsibility on nontortfeasors. The nature of the relationship, whether it is employer-employee, principal-agent, or motor vehicle owner-operator, makes one party liable for the negligent acts of the other. The doctrine reflects a policy decision that a business should bear the cost of risks associated with its business activities.

The Legislature in 1999 passed a tort reform package in ch. 99-225, L.O.F., which, among numerous other provisions, provided limits of liability to owners of motor vehicles who lend his

or her car to a person, and also provided limits of liability for rental car companies. The limits of liability were codified in ch. 324.021, F.S.

Chapter 324, F.S., sets out, among many other topics, the financial responsibility of operators of motor vehicles in the state. This chapter includes definitions of certain terms including “motor vehicle,” “proof of financial responsibility,” “motor vehicle liability policy,” and “owner/lessor.” This section also provides the definition of a “rental company” as:

an entity that is engaged in the business of renting or leasing motor vehicles to the general public and that rents or leases a majority of its motor vehicles to persons with no direct or indirect affiliation with the rental company. The term also includes a motor vehicle dealer that provides temporary replacement vehicles to its customers for up to 10 days.¹

Under s. 324.021, F.S., the limits of liability for an owner/lessor (rental company) are described as:

The lessor, under an agreement to rent or lease a motor vehicle for a period of less than 1 year, shall be deemed the owner of the motor vehicle for the purpose of determining liability for the operation of the vehicle or the acts of the operator in connection therewith only up to \$100,000 per person and up to \$300,000 per incident for bodily injury and up to \$50,000 for property damage. If the lessee or the operator of the motor vehicle is uninsured or has any insurance with limits less than \$500,000 combined property damage and bodily injury liability, the lessor shall be liable for up to an additional \$500,000 in economic damages only arising out of the use of the motor vehicle. The additional specified liability of the lessor for economic damages shall be reduced by amounts actually recovered from the lessee, from the operator, and from any insurance or self-insurance covering the lessee or operator. Nothing in this subparagraph shall be construed to affect the liability of the lessor for its own negligence.²

III. Effect of Proposed Changes:

This bill amends s. 324.021(9)(c), F.S., to expand the definition of the term “rental company” to include a holder of a motor vehicle title or an equity interest in a motor vehicle title if the title or equity interest is held pursuant to an asset-backed securitization of a fleet of motor vehicles under the dominion and control of a rental company in the operation of such rental company’s business. This change will allow a holder of title to qualify for the limitations on vicarious liability for rental companies in s. 324.021(9)(b), F.S.

According to the proponents of the bill, since passage of the tort reform package in 1999, the business model for rental companies has evolved from direct ownership of the rental cars by the rental company to a situation where the rental company controls the motor vehicles in day-to-day business operations but the title to the rental car fleet is held by a separate company under an asset backed securitization agreement. The companies that hold title to the fleets of rental

¹ Section 324.021(9)(c), F.S.

² Section 324.021(9)(b)2., F.S.

vehicles are seeking to be protected from liability under the same law that protects the rental companies. However, this bill would extend liability protection to companies that do not actually rent vehicles on a day-to-day basis.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

A company that is a holder of a motor vehicle or equity interest in a motor vehicle title for a rental company may face fewer or less costly lawsuits because of the limits of liability the holder will qualify for under the terms of this bill.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
