

BILL ANALYSIS

Senate Research Center
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H.B. 3016
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A collision damage waiver (CDW) is an optional contract a consumer may purchase prior to or at the time a vehicle rental agreement is made. It is not insurance but a protection agreement that serves to protect an authorized driver from responsibility should there be damage to a rented vehicle. The CDW contractually shifts responsibility for damage away from the renter back to the rental car company. Not every renter purchases a collision damage waiver. Personal auto insurance and credit card benefits may provide protection for damages to a rental car.

A rental car company may void a CDW only under circumstances outlined in Section 91.056, Business and Commerce Code. For example, if the rented vehicle is damaged while being driven by an unauthorized driver, or if the rented vehicle is damaged while driving under the influence, the CDW may be voided.

Rental companies are seeing a growing number of vehicle thefts. Increasingly, individuals will rent a vehicle, purchase the optional damage waiver, and leave the car on the curb with the keys in the car. The car is promptly picked up. This is fraudulent, and often organized, criminal activity. The individual who rented the car then returns to the rental facility to report the car is stolen but is unable to furnish the keys. The individual also neglects to inform law enforcement about the theft and is non-cooperative with the rental car company or waits to report the theft until after the car has crossed the border. And because the individual purchased the CDW, the rental car company does not have any legal recourse, while the renter participating in the scheme avoids prosecution and the organizing team is able to make a quick profit from selling the vehicle.

H.B. 3016 will discourage rental vehicle theft and fraud by enabling rental car companies to invalidate a CDW when a vehicle is stolen if the renter:

- fails to return the key;
- fails to file a police report within 24 hours; and
- fails to fully cooperate with the rental company and any law enforcement agency or other authority investigating the stolen vehicle.

Voiding the CDW enables the rental car company to pursue damages and acts as a deterrent to potential perpetrators of this theft scheme.

Finally, requiring each of these three conditions to be met protects the consumer in the event of a true theft involving loss of keys. Consider a scenario where a renter pulls up to a hotel to unload the car, leaves the keys in the car, and someone jumps in the car and drives off. Ordinarily, individuals in this situation contact law enforcement to report the theft. The renter is unable to return the keys to the rental company, but the CDW remains in place if the renter files a police report and cooperates with the rental company and law enforcement regarding the investigation. Rental car companies have no interest in voiding a CDW in the event of a true theft.

H.B. 3016 amends current law relating to the circumstances in which a rental company may void a damage waiver for a rental vehicle.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 91.056, Business & Commerce Code, as follows:

Sec. 91.056. VOIDING OF DAMAGE WAIVER. Prohibits a vehicle rental company from voiding a damage waiver unless certain criteria are met, including the vehicle is stolen and the renter fails to return the vehicle's ignition key to the rental company, file a report with law enforcement not later than 24 hours after the renter discovers the theft, and fully cooperate with the rental company and any law enforcement agency or other authority investigating the stolen vehicle in all matters relating to the investigation of the stolen vehicle. Makes nonsubstantive changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2025.