



JERRY PETROWSKI

WISCONSIN STATE SENATOR

Senate Bill 710

Insurance Requirements for Vehicle Rental Companies

February 17, 2016

Good afternoon, members of the committee, and thank you for the opportunity to provide testimony today on Senate Bill 710, which would provide needed clarification on the mandatory insurance requirements for vehicle rental companies. Mike Schneider, President of U-Haul Company of Southeast Wisconsin, is joining me today and will provide an industry perspective on the issue.

Current law provisions relating to motor carriers require a rental company to have on file with the Department of Transportation proof of motor vehicle liability insurance as a prerequisite to registering a motor vehicle or obtaining a motor carrier operating permit. The minimum required for this insurance is generally an amount specified under federal law (generally \$750,000).

The law does not, however, define the term "rental company" for purposes of motor carrier insurance provisions. This has created uncertainty for companies like U-Haul and Enterprise, which rent motor vehicles to the average consumer, as to their mandatory insurance requirements. No other state, nor the federal government, treats the consumer truck rental industry the same as motor carriers for insurance purposes. I do not believe that was the intention here, however, state law is unclear on how they should be treated.

This bill creates a definition of "rental company" as a person that rents motor vehicles to common motor carriers of property, contract motor carriers, or private motor carriers transporting hazardous materials, and by definition, exempts consumer rental companies. The bill also specifies that these motor carrier insurance provisions are applicable only to a rental company's vehicles that are rented to these types of motor carriers.

Thank you again for the opportunity to speak on this bill.

29TH SENATE DISTRICT

STATE CAPITOL: P.O. BOX 7882 • MADISON, WISCONSIN 53707-7882
SEN.PETROWSKI@LEGIS.WISCONSIN.GOV • TELEPHONE: (608) 266-2502 • FAX: (608) 282-3569

Wisconsin State Senate Committee on Transportation and Veterans Affairs
Wednesday February 17, 2016 1:00 PM

Testimony of Mike Schneider, President U-Haul Company of SE Wisconsin
In Support of Senate Bill 710

Mr. Chairman and members of the Senate Committee on Transportation and Veterans Affairs, my name is Mike Schneider. I am President of U-Haul Company of SE Wisconsin. U-Haul is universally known as the leader in consumer rental trucks and equipment and operates throughout the U.S. and Canada. I work out of Milwaukee and U-Haul has over 700 employees in the State of Wisconsin. I am here today not only to represent U-Haul but the Truck Renting and Leasing Association, or TRALA, which serves as the unified voice for the entire industry and has more than 500 members, many of which are located or operate within the State of Wisconsin.

I am here today to speak in support of SB 710 which would clarify two conflicting state statutes, 344.51 and 194.41 that impact the consumer truck renting industry.

Simply put, consumer rental trucks in other States are treated in the same fashion as consumer rental cars or the driving public and thus, those vehicles are required to meet the minimum financial responsibility laws set forth by each State. 344.51 clearly lays out the threshold for those requirements and so what TRALA and U-Haul – as well as every other company that rents trucks to consumers – would like to see is continuity between all the States. We do not want Wisconsin to be an outlier nor do we want to see rental truck companies forced to face unfair liability claims that otherwise would not exist if not for this conflict in statutes.

Unfortunately, and for reasons which are simply not clear, in 194.41 there is language that states, “No permit or registration may be issued to a common motor carrier of property, contract motor carrier, or rental company...” Because the word rental company was included, it creates confusion and conflict between the two sections.

The inherent conflict between 194.41 and 344.51 puts consumer truck rental companies into risk of being held to limits up to \$750,000 due to the negligence of their customers.

Wisconsin State Senate Committee on Transportation and Veterans Affairs
Wednesday February 17, 2016 1:00 PM

Senate Bill 710 defines rental company under 194.41 in such a way that the term corresponds to the purpose of Chapter 194 as a whole. It does not seek to un-do any existing law nor does it attempt to find an advantage that does not currently exist or “game” the system. In fact, in the other 49 other States, there is not one instance of finding language requiring consumer rental truck companies to be held to the federal standard that common motor carriers, contract carriers and private motor carriers that haul hazardous materials face.

Mr. Chairman and esteemed committee members, I sincerely hope that you will recognize the conflict that exists and rectify it immediately. I am not aware of any opposition to this legislation and therefore urge the timely approval of SB 710.

Thank you for this opportunity. I am happy to answer any questions.

More Detail (if necessary)

344.51 describes the financial responsibility for domestic rented or leased vehicles and makes clear that a consumer rental company is not liable for damages caused by the potential negligent operation of its vehicle in excess of the financial responsibility limits set in Wisconsin. Those limits currently include \$25,000 for each person injured in an accident, up to \$50,000 for the entire accident, and \$10,000 worth of coverage for property damage.

194.41 is primarily concerned with the registration and insurance requirements that are placed on common and contract motor carriers. Under 194.41, the minimum level of insurance required is set by federal code which states that contract motor carriers and private motor carriers that haul hazardous materials must meet a minimum of \$750,000 in coverage. Not only are private motor carriers that do not haul hazardous materials not covered by this federal mandate but consumer rental truck companies are not either. In fact, the federal government does not consider a consumer rental truck company a motor carrier under their own definitions.

Wisconsin State Senate Committee on Transportation and Veterans Affairs
Wednesday February 17, 2016 1:00 PM

I am aware of at least one case where a judge interpreted 194.41 to include consumer rental trucks. The Judge ruled that because U-Haul is a "rental company," U-Haul was subject to the limits of 194.41 as opposed to 344.51.