

# SENATE BILL REPORT

## SB 5944

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As of January 19, 2018

**Title:** An act relating to negligent entrustment by rental car agencies.

**Brief Description:** Concerning negligent entrustment by rental car agencies.

**Sponsors:** Senator Becker.

**Brief History:**

**Committee Activity:** Law & Justice:

### Brief Summary of Bill

- Asserts that any person who rents a motor vehicle to another person without ensuring the person has a valid driver's license by inspecting the license and verifying the signature may be held liable for negligent entrustment.

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### SENATE COMMITTEE ON LAW & JUSTICE

**Staff:** Tim Ford (786-7423)

**Background:** When a person rents a car and gets into a vehicle accident that is the fault of the rental car driver, a victim has limited remedies for holding a rental car agency liable.

As part of the Safe, Accountable, Flexible and Efficient Transportation Equity Act, Congress passed the Graves Amendment preventing states from holding rental or leasing agencies vicariously liable for their driver's negligence, except when the owner itself was negligent or engaged in criminal wrongdoing. Victims who have been injured by the driver of a rental car have therefore sought to hold a rental car agency liable under the theory of negligent entrustment. Negligent entrustment of a vehicle occurs when the person entrusting the vehicle knows or should know at the time, the driver is not competent. Negligent entrustment is usually based on one of three theories: 1) the renter was impaired in some way at the time of the rental; 2) the renter was not qualified to drive (by way of an expired or suspended license); or 3) the renter had a poor driving record.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

It is unlawful in the state of Washington for any person to rent a motor vehicle to another unless the person renting the vehicle has a valid driver's license in this state or under the laws of the state or country of their residence. The person renting the vehicle must inspect the driver's license of the person and compare the signature on the license to the person's signature at the time of renting. In many states, including Washington, it is possible to verify the status of a person's driver's license online. Notwithstanding, courts have generally held that a rental car agency does not have an obligation to verify a license beyond a visual inspection. Washington courts have not confronted this issue directly.

The provision of insurance by a rental car agency is regulated by statute. A renter cannot be required to purchase rental car insurance from a rental car agency as a condition of renting the vehicle and the rental car agency cannot be called on to evaluate the adequacy of the renter's existing insurance coverage.

**Summary of Bill:** A person who rents a motor vehicle to another person may be held liable for negligent entrustment if the person renting the vehicle does not:

- ensure the rental driver is duly licensed as a vehicle driver for the kind of motor vehicle being rented; and
- visually inspect the vehicle driver's license of the person and verify the person's signature.

This provision may not be construed to require any person renting a motor vehicle to confirm the validity of the driver's license beyond confirming that the driver's license is facially valid and the signature on the driver's license matches the signature of the person renting the vehicle.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.