

Graves Amendment: The Little-Known Law Car Renters Overlook

The Graves Amendment is the less talked about law that car renters often overlook, even though they shouldn't. Before the year 2005, if you were injured by a driver in a rental car, you would more than likely settle your claim utilizing the driver of the rental car's own car insurance policy.

In some instances, you may have even had grounds to sue the driver in court if the injuries sustained were extensive. This, providing, you were not at-fault. Fault is generally determined at the scene of the accident barring certain circumstances such as hit-and-run incidents and incidents where one driver is unable to communicate with law enforcement.

A brief history of the Graves Amendment

The amendment itself was authored by Rep. Sam Graves of Missouri. His proposal came in response to the fact that by 2005, vicarious liability had cost consumers in the United States an estimated \$100,000,000 in rental car costs on an annual basis. Opponents of this bill voiced concerns that victims would be left with little recourse if they found themselves in an accident with a driver who didn't hold uninsured motorist coverage. However, the amendment passed by a fine margin.

Vicarious liability saw big changes with the Graves Amendment

On top of all of this, prior to 2005 you were also able to include the rental car company in an action filed to obtain damages. However, changes to the law came down in 2005, when the United States imposed the Graves Amendment. The Graves Amendment all but did away with the ability to file a claim against the rental car company for "vicarious liability". The principle of vicarious liability is directly related to another principle that's been discussed at-length in previous articles: Respondeat Superior.

What is vicarious liability? The law defines **vicarious liability** as:

Liability that a supervisory party (such as an employer) bears for the actionable conduct of a subordinate or associate (such as an employee) based on the relationship between the two parties.

At a glance: rental car liability and the Graves Amendment

When states began passing laws that included vicarious liability, but lacked the exception for rental car issuers, the Graves Amendment was employed to enforce clearer determinations of who could file a lawsuit and the amount of damages they were entitled to. New York in particular, according to *FindLaw.com* had no statutory limits on vicarious liability whatsoever. This led to alarmingly high settlements.

The example provided by *FindLaw* offers the case of a pedestrian in New York who became paralyzed in an accident in 2000. The victim was awarded \$21,000,000 through a vicarious liability claim brought against the rental car company. Although the driver who caused the victim to become paralyzed was guilty of running a red light, the rental car company found themselves responsible for the sky-high settlement due to the driver's lack of insurance.

For drivers: here's what the Graves Amendment really means for you

Prior to the amendment being enacted into law, rental car companies have usually included language that explicitly stated that the renter waived any way to hold them responsible for vicarious liability. One way of requiring this safely is offering a separate rental car insurance policy for drivers that lacked uninsured motorist coverage upon renting a vehicle. Due to this practice, you are (or in some instances your insurer is) liable for any accident sustained during the use of a rented motor vehicle should you find yourself at-fault.

It is always recommended you take the optioned rental car insurance regardless of any other insurance policy you may hold. You really are taking chances if you decline the provided temporary insurance offered through the rental car company.

However, if the accident was the result of rental car issuer's negligence (such as brakes that haven't been inspected and are determined to be faulty), this can become the cause of an accident resulting in serious bodily injury or even death. In this instance, the victim has the right to bring a lawsuit against the rental car company regardless of the rental car agreement signed upon the issuance of the vehicle.

Contact us to schedule a complimentary consultation. There's no obligation. Take the first step and call today: (877) 529-0080



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