

# Business Rules & Legal Considerations

## Business Rules & Legal Considerations for Car Rental Service in the U.S.

### 1. Rental Eligibility & Driver Requirements

- Minimum Age Requirement - Most states require renters to be at least 21 years old (some allow 18+ with extra fees).
- Valid Driver's License - Renters must have a valid U.S. or international driver's license (some states require an International Driving Permit).
- License Verification - Ensure compliance with state-specific driving laws before allowing rentals.
- No Criminal or DUI Records - Restrict rentals for individuals with major violations (DUI, reckless driving).

### 2. Insurance Requirements (Liability & Coverage)

- State-Mandated Minimum Insurance - Every rental car must have minimum liability insurance as per state laws.
- Optional Insurance for Renters - Provide options like collision damage waivers (CDW) or supplemental liability protection (SLP).
- Owner-Provided Insurance for Listed Cars - Dealers or residents listing cars must show proof of valid insurance before approval.
- Accident Liability Rules - Define whether the renter or the service is responsible for damages based on the agreement.

### 3. Pricing, Fees & Payment Policies

- Transparent Pricing Policy - Clearly display rental rates, taxes, and additional service costs (extra mileage, cleaning fees).
- Security Deposit Rules - Specify if a deposit is required and under what conditions it is refunded or forfeited.
- Late Return Fees - Define penalties for late returns and how they are calculated (hourly/daily).
- Cancellation & Refund Policy - Provide clear terms on refund eligibility for cancellations.
- Fuel & Maintenance Policy - Indicate whether renters return cars with a full tank or if refueling charges apply.

### 4. Liability & Damage Policies

- Damage Reporting - Renters must report damages immediately; repairs must be assessed before the next rental.

- Wear & Tear Coverage - Clarify whether basic wear & tear repairs are included in rental fees.
- Dispute Resolution Process - Define how disputes over damage responsibility will be handled.
- Emergency Assistance Policy - Ensure renters have access to roadside assistance for breakdowns and towing services.

## 5. Compliance with Local & Federal Laws

- State-Specific Rental Laws - Each state has different rental regulations; ensure compliance with Department of Motor Vehicles (DMV) rules.
- Data Privacy & User Information Protection - Follow U.S. data protection laws (e.g., California Consumer Privacy Act - CCPA) for handling personal data.
- Vehicle Safety & Inspection - Ensure listed cars meet federal and state safety standards (working seat belts, no major mechanical defects).
- Legal Terms & Conditions - Provide written rental agreements that clearly define rights, responsibilities, and liabilities.

## 6. Taxation & Business Licensing

- Sales Tax & Rental Tax Compliance - Some states impose car rental taxes, which must be collected and reported.
- Business Licensing - Ensure the rental platform is properly registered as a business entity in the operating state(s).
- Earnings Reporting for Car Owners - Dealers/residents listing cars must report rental income for tax purposes (Form 1099-K may apply).

## Additional Considerations

- Handling Cross-State Rentals - Define rules for taking rental cars across state lines (some states have restrictions).
- Legal Partnerships - Work with insurance companies & legal advisors to ensure full compliance.
- Fraud Prevention - Implement ID verification & fraud detection to prevent rental scams.