NEW YORK COURT OF APPEALS

Second Child v. Edge Auto, Inc.

2026 NY Slip Op 02436 · No. No. 30 · Decided April 23, 2026

SUMMARY

The New York Court of Appeals considers whether the federal Graves Amendment preempts Vehicle and Traffic Law § 370's requirement that rental car companies provide primary liability insurance coverage to renters. The Court holds that the primary-coverage requirement is preempted, while the statute's requirement that rental companies maintain specified minimum insurance remains valid. The Court affirms the Appellate Division's order and answers the certified question in the affirmative.

CASE DETAILS

COURT	New York Court of Appeals
WRITING FOR THE COURT	Singas, J.; Rivera, J.; Garcia, J.; Cannataro, J.; Wilson, Chief Judge; Troutman, J.; Halligan, J.
JURISDICTION	New York Court of Appeals
DECIDED	April 23, 2026
DOCKET	No. 30
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed from an Appellate Division order affirming Supreme Court's denial of their motion for summary judgment seeking declaratory relief concerning a rental car company's obligation to provide primary, noncontributory liability insurance under Vehicle and Traffic Law § 370. The Court of Appeals affirmed and answered the certified question in the affirmative.
PRECEDENTIAL VALUE	Published precedential opinion of the New York Court of Appeals
PARTIES	Second Child et al. v. Edge Auto, Inc. et al.

TOPICS

insurance coverage · statutory interpretation · federalism · declaratory relief insurance · appellate procedure

PRACTICE AREAS

Insurance law · Federal preemption · Automobile rental liability · Appellate litigation

QUESTIONS PRESENTED

1. Whether the Graves Amendment preempts Vehicle and Traffic Law § 370 insofar as § 370, as interpreted in ELRAC, Inc. v. Ward, requires rental car companies to provide primary liability insurance coverage to renters up to statutory minimum limits.
2. Whether the Graves Amendment preempts the separate requirement in Vehicle and Traffic Law § 370 that rental car companies carry specified minimum amounts of insurance.
3. Whether the McCarran-Ferguson Act reverse-preempts the Graves Amendment because § 370 regulates the business of insurance.

HOLDINGS

1. The Graves Amendment preempts Vehicle and Traffic Law § 370 to the extent § 370, as interpreted in ELRAC, Inc. v. Ward, requires rental car companies to provide primary liability insurance coverage to renters up to the statutory minimum limits.
2. The Graves Amendment does not preempt Vehicle and Traffic Law § 370's requirement that rental car companies carry specified minimum amounts of insurance, including insurance required for registering and operating vehicles.
3. The McCarran-Ferguson Act does not reverse-preempt the Graves Amendment in this case.

KEY QUOTATIONS

> *"We hold that section 370, insofar as we have interpreted it to require such companies to provide primary liability insurance coverage to renters (see id.), does not fall within the Graves Amendment's savings clause and is preempted, but that section 370's requirement that rental car companies carry a specified minimum amount of insurance is not preempted."* ([*1])

> *"A consensus emerges from these cases: the Graves Amendment preempts state statutes which, in form or effect, purport to impose vicarious liability on car rental companies for damages caused solely by their customer's operation of a rented vehicle, but permits those imposing minimum insurance obligations."* ([*4])

FACTUAL BACKGROUND

In 2019, Second Child rented a truck from Edge Auto, Inc. The rental agreement required the renter to maintain insurance at least equal to the minimum limits required by the applicable financial-responsibility law, provided that Edge Auto's liability insurance would be excess to other valid insurance, and required the renter to indemnify Edge Auto. While an employee of Second Child was driving the truck, it sideswiped another vehicle, after which the plaintiffs sought to recover property-damage costs up to the statutory minimums.

PROCEDURAL HISTORY

After a truck rented by Second Child was involved in an accident, plaintiffs sought reimbursement for property damage up to the statutory minimums under Vehicle and Traffic Law § 370. Supreme Court denied plaintiffs' summary judgment motion, concluding that the Graves Amendment preempted § 370. The Appellate Division affirmed, holding that the Graves Amendment preempted § 370's primary-insurance requirement but not its minimum-insurance requirement, and the Court of Appeals affirmed.

DISPOSITION

affirmed

CASES CITED

- ELRAC, Inc. v. Ward, 96 N.Y.2d 58, 72-73, 77-78 (2001)
- Jones v. Bill, 10 N.Y.3d 550, 553 (2008)
- Sutton 58 Assoc. LLC v. Pilevsky, 36 N.Y.3d 297, 305, 309 (2020)
- Southwest Airlines Co. v. Saxon, 596 U.S. 450, 455 (2022)
- Solomon v. Flipps Media, Inc., 136 F.4th 41, 51 (2d Cir. 2025)
- United States v. Greenberg, 127 F.4th 410, 413 (2d Cir. 2025)
- Yerdon v. Henry, 91 F.3d 370, 376 (2d Cir. 1996)
- Garcia v. Vanguard Car Rental USA, Inc., 540 F.3d 1242, 1247-1249 (11th Cir. 2008)
- Malco Enters. of Nev., Inc. v. Woldeyohannes, 140 Nev. --, 559 P.3d 875, 879-881 (2024)
- Meyer v. Nwokedi, 777 N.W.2d 218, 225-226 (Minn. 2010)
- Puerini v. LaPierre, 208 A.3d 1157, 1165-1166 (R.I. 2019)
- Vargas v. Enterprise Leasing Co., 60 So. 3d 1037, 1042-1043 (Fla. 2011)
- Rodriguez v. Testa, 296 Conn. 1, 16-17, 993 A.2d 955, 964 (2010)
- Zeglen v. Minkiewicz, 12 N.Y.2d 497, 499 (1963)
- Palladino v. CNY Centro, Inc., 23 N.Y.3d 140, 151 (2014)
- People v. Hobson, 39 N.Y.2d 479, 489 (1976)
- Matter of Monarch Consulting, Inc. v. National Union Fire Insurance Co. of Pittsburgh, PA, 26 N.Y.3d 659, 670 (2016)
- Humana Inc. v. Forsyth, 525 U.S. 299, 307, 310 (1999)