

# HOUSE BILL 1385

R7

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CF SB 961

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By: **Delegates Valderrama, Barkley, Lisanti, Waldstreicher, and West**

Introduced and read first time: February 10, 2017

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Rental Vehicles – Security**

3 FOR the purpose of establishing that the owner of a rental vehicle may satisfy a certain  
4 insurance requirement by maintaining a certain security that is secondary to any  
5 other valid and collectible coverage; requiring the owner of a rental vehicle to provide  
6 a certain notice to the renter of the rental vehicle; authorizing certain persons to  
7 request certain information from a motor vehicle rental company in a certain  
8 manner; requiring a motor vehicle rental company to disclose certain information  
9 about a person that rents or is authorized to drive a rental vehicle to a certain person  
10 under certain circumstances; providing a certain exception to the requirement that  
11 a motor vehicle rental company disclose certain information; prohibiting a motor  
12 vehicle rental company from being compelled to disclose certain additional  
13 information; establishing a certain immunity from liability for a motor vehicle rental  
14 company that discloses certain information in accordance with this Act; defining  
15 certain terms; and generally relating to required security for certain rental vehicles.

16 BY repealing and reenacting, without amendments,  
17 Article – Transportation  
18 Section 17–103  
19 Annotated Code of Maryland  
20 (2012 Replacement Volume and 2016 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article – Transportation  
23 Section 17–104 and 18–102  
24 Annotated Code of Maryland  
25 (2012 Replacement Volume and 2016 Supplement)

26 BY adding to  
27 Article – Transportation  
28 Section 17–104.3

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland  
(2012 Replacement Volume and 2016 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Transportation**

17–103.

(a) (1) Except as provided in paragraph (2) of this subsection, the form of security required under this subtitle is a vehicle liability insurance policy written by an insurer authorized to write these policies in this State.

(2) The Administration may accept another form of security in place of a vehicle liability insurance policy if it finds that the other form of security adequately provides the benefits required by subsection (b) of this section.

(3) The Administration shall, by regulation, assess each self-insurer an annual sum which may not exceed \$750, and which shall be used for actuarial studies and audits to determine financial solvency.

(b) The security required under this subtitle shall provide for at least:

(1) The payment of claims for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons, in addition to interest and costs;

(2) The payment of claims for property of others damaged or destroyed in an accident of up to \$15,000, in addition to interest and costs;

(3) Unless waived under § 19–506 of the Insurance Article or rejected under § 19–506.1 of the Insurance Article, the benefits described under § 19–505 of the Insurance Article as to basic required primary coverage;

(4) The benefits required under § 19–509 of the Insurance Article as to required additional coverage; and

(5) For vehicles subject to the provisions of § 25–111.1 of this article, the security requirements adopted under 49 C.F.R., Part 387.

17–104.

(a) The Administration may not issue or transfer the registration of a motor vehicle unless the owner or prospective owner of the vehicle furnishes evidence satisfactory to the Administration that the required security is in effect.

(b) The owner of a motor vehicle that is required to be registered in this State shall maintain the required security for the vehicle during the registration period.

(c) Each insurer or other provider of required security shall:

(1) Except as provided in item (2) of this subsection, immediately notify the Administration electronically of new motor vehicle insurance policies issued for insured vehicles registered in the State; and

(2) For each fleet policy, electronically notify the Administration every 30 days of any additions, deletions, or modifications to the fleet policy, including those policy numbers affected.

(d) The Administration, in consultation with the Maryland Insurance Administration and representatives of the automobile insurance industry, shall adopt regulations that establish procedures to be used by an insurer to provide timely notification to an insured of the penalties that may be imposed in accordance with § 17-106 of this subtitle if the insured fails to renew or replace a policy of motor vehicle liability insurance without surrendering the evidences of registration.

(e) (1) In this subsection, “replacement vehicle” means a vehicle that is loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to use while a vehicle owned by the individual is not in use because of loss, as “loss” is defined in that individual’s applicable private passenger automobile insurance policy or because of breakdown, repair, service, or damage.

(2) Subject to paragraph (3) of this subsection, an owner of a **RENTAL VEHICLE OR** replacement vehicle may satisfy the requirement of subsection (a) of this section by maintaining the required security described in § 17-103 of this subtitle that is secondary to any other valid and collectible coverage and that extends coverage in amounts required under § 17-103(b) of this subtitle to the owner’s vehicle while it is used as a **RENTAL VEHICLE OR** replacement vehicle.

(3) If an owner of a **RENTAL VEHICLE OR** replacement vehicle provides coverage as provided under paragraph (2) of this subsection, the agreement for the **RENTAL VEHICLE OR** replacement vehicle to be signed by the renter or the individual to whom the vehicle is loaned shall contain a provision on the face of the agreement, in at least 10 point bold type, that informs the individual that the coverage on the vehicle being serviced or repaired **OR COVERAGE MAINTAINED BY THE RENTER OF THE RENTAL VEHICLE** is primary coverage for the **RENTAL VEHICLE OR** replacement vehicle and the coverage maintained by the owner on the **RENTAL VEHICLE OR** replacement vehicle is secondary.

### **17-104.3.**

(A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

1           **(2) “ADVERSE EVENT” MEANS AN INCIDENT THAT MAY SUBJECT THE**  
2 **OWNER OR DRIVER OF A RENTAL VEHICLE TO LEGAL LIABILITY, INCLUDING**  
3 **LIABILITY FOR:**

4                   **(I) DAMAGES;**

5                   **(II) COSTS OF DEFENSE;**

6                   **(III) LEGAL COSTS AND FEES; AND**

7                   **(IV) ANY OTHER CLAIMS EXPENSES.**

8           **(3) “MOTOR VEHICLE RENTAL COMPANY” MEANS A PERSON THAT IS**  
9 **IN THE BUSINESS OF PROVIDING MOTOR VEHICLES TO THE PUBLIC UNDER A RENTAL**  
10 **AGREEMENT FOR A PERIOD NOT EXCEEDING 180 DAYS.**

11           **(4) “RENTAL AGREEMENT” MEANS A WRITTEN AGREEMENT**  
12 **CONTAINING THE TERMS AND CONDITIONS THAT GOVERN THE USE OF A RENTAL**  
13 **VEHICLE PROVIDED BY A MOTOR VEHICLE RENTAL COMPANY UNDER THE**  
14 **PROVISIONS OF THIS ARTICLE.**

15           **(B) A PERSON INVOLVED IN AN ADVERSE EVENT THAT INVOLVES A RENTAL**  
16 **VEHICLE RENTED BY ANOTHER PERSON MAY REQUEST INFORMATION, AS PROVIDED**  
17 **UNDER SUBSECTION (C) OF THIS SECTION, FROM THE MOTOR VEHICLE COMPANY**  
18 **THAT OWNS THE RENTAL VEHICLE BY SUBMITTING A WRITTEN REQUEST TO THE**  
19 **MOTOR VEHICLE RENTAL COMPANY IN ACCORDANCE WITH SUBSECTION (C) OF THIS**  
20 **SECTION.**

21           **(C) (1) A REQUEST MADE TO A MOTOR VEHICLE RENTAL COMPANY**  
22 **UNDER THIS SECTION SHALL INCLUDE:**

23                   **(I) THE FULL NAME OF THE PERSON THAT IS BELIEVED TO**  
24 **HAVE RENTED THE RENTAL VEHICLE INVOLVED IN THE ADVERSE EVENT;**

25                   **(II) THE DATE AND APPROXIMATE TIME OF THE ADVERSE**  
26 **EVENT; AND**

27                   **(III) TO THE EXTENT KNOWN, A DESCRIPTION OF THE RENTAL**  
28 **VEHICLE, INCLUDING THE VEHICLE’S:**

29                   1.     **MAKE;**

1                   2.     MODEL;

2                   3.     COLOR; AND

3                   4.     REGISTRATION NUMBER.

4                   (2)    A REQUEST MADE UNDER THIS SECTION SHALL BE SUBMITTED TO  
5 THE MOTOR VEHICLE RENTAL COMPANY'S REGISTERED AGENT IN THE STATE.

6                   (D)    EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, WITHIN 30  
7 DAYS AFTER RECEIVING A REQUEST FOR INFORMATION, A MOTOR VEHICLE RENTAL  
8 COMPANY SHALL PROVIDE THE PERSON THAT MADE THE REQUEST WITH THE  
9 FOLLOWING INFORMATION IN WRITING:

10                   (1)    THE NAME, MAILING ADDRESS, AND DRIVER'S LICENSE SOUNDINDEX  
11 NUMBER OF EACH PERSON IDENTIFIED IN A RENTAL AGREEMENT AS A RENTER OR  
12 AUTHORIZED DRIVER OF THE RENTAL VEHICLE AT THE TIME THAT THE ADVERSE  
13 EVENT IS ALLEGED TO HAVE OCCURRED; AND

14                   (2)    (I)    THE NAME OF THE INSURER RESPONSIBLE FOR PROVIDING  
15 PRIMARY INSURANCE COVERAGE FOR THE RENTAL VEHICLE AT THE TIME THAT THE  
16 ADVERSE EVENT IS ALLEGED TO HAVE OCCURRED; AND

17                   (II)   IF IT IS KNOWN TO THE MOTOR VEHICLE RENTAL COMPANY,  
18 THE POLICY NUMBER ASSOCIATED WITH THE PRIMARY INSURANCE COVERAGE FOR  
19 THE RENTAL VEHICLE AT THE TIME THAT THE ADVERSE EVENT IS ALLEGED TO HAVE  
20 OCCURRED.

21                   (E)    (1)    IF A REQUEST IS MADE UNDER THIS SECTION MORE THAN 3 YEARS  
22 AFTER THE DATE ON WHICH THE ADVERSE EVENT IS ALLEGED TO HAVE OCCURRED,  
23 THE MOTOR VEHICLE RENTAL COMPANY MAY REFUSE TO PROVIDE INFORMATION  
24 UNDER SUBSECTION (D) OF THIS SECTION.

25                   (2)    A MOTOR VEHICLE RENTAL COMPANY MAY NOT BE COMPELLED  
26 TO DISCLOSE ANY INFORMATION REGARDING PERSONS IDENTIFIED AS RENTERS  
27 OR AUTHORIZED DRIVERS OF A RENTAL VEHICLE OTHER THAN THE INFORMATION  
28 THAT IS REQUIRED UNDER SUBSECTION (D) OF THIS SECTION.

29                   (F)    A MOTOR VEHICLE RENTAL COMPANY MAY NOT BE HELD CIVILLY OR  
30 CRIMINALLY LIABLE FOR DISCLOSING INFORMATION IN ACCORDANCE WITH THIS  
31 SECTION.

(a) (1) The Administration may not register any motor vehicle, trailer, or semitrailer to be rented until the owner of the vehicle certifies to the satisfaction of the Administration that the owner has security for the vehicle in the same form and providing for the same minimum benefits as the security required by Title 17 of this article for motor vehicles.

(2) (i) In this paragraph, "replacement vehicle" means a vehicle that is loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to use while a vehicle owned by the individual is not in use because of loss, as "loss" is defined in that individual's applicable private passenger automobile insurance policy, or because of breakdown, repair, service, or damage.

(ii) Subject to subparagraph (iii) of this paragraph, an owner of a **RENTAL VEHICLE OR** replacement vehicle may satisfy the requirement of paragraph (1) of this subsection by maintaining the required security described in § 17-103 of this article that is secondary to any other valid and collectible coverage and that extends coverage to the owner's vehicle in amounts required under § 17-103(b) of this article while it is used as a **RENTAL VEHICLE OR** replacement vehicle.

(iii) If an owner of a **RENTAL VEHICLE OR** replacement vehicle provides coverage as provided under subparagraph (ii) of this paragraph, the agreement for the **RENTAL VEHICLE OR** replacement vehicle to be signed by the renter or the individual to whom the vehicle is loaned shall contain a provision on the face of the agreement, in at least 10 point bold type, that informs the individual that the coverage on the vehicle being serviced or repaired **OR COVERAGE MAINTAINED BY THE RENTER OF THE RENTAL VEHICLE** is primary coverage for the **RENTAL VEHICLE OR** replacement vehicle and the coverage maintained by the owner on the replacement vehicle is secondary.

(b) Notwithstanding any provision of the rental agreement to the contrary, the security required under this section shall cover the owner of the vehicle and each person driving or using the vehicle with the permission of the owner or lessee.

(c) If the Administration finds that the vehicle owner has failed or is unable to maintain the required security, the Administration shall suspend the registration of the vehicle.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2017.