

SENATE BILL 835

C4

2lr1939
CF 2lr2583

By: **Senator Beidle**

Introduced and read first time: February 7, 2022

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance – Comprehensive Coverage and Collision Damage**
3 **Waiver**

4 FOR the purpose of requiring that the lessor of certain vehicles under a rental agreement
5 or a loaner agreement containing a collision damage waiver provide the waiver in a
6 specified form; requiring motor vehicle insurance policies that include collision or
7 comprehensive coverage to include coverage for certain Class E vehicles, vehicles
8 used as replacement vehicles, and vehicles rented under a peer-to-peer car sharing
9 agreement; and generally relating to motor vehicle insurance and rental and
10 replacement vehicles.

11 BY repealing and reenacting, with amendments,
12 Article – Commercial Law
13 Section 14–2101
14 Annotated Code of Maryland
15 (2013 Replacement Volume and 2021 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Insurance
18 Section 19–512
19 Annotated Code of Maryland
20 (2017 Replacement Volume and 2021 Supplement)

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

23 **Article – Commercial Law**

24 14–2101.

25 (a) (1) In this section the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) “Car sharing period” has the meaning stated in § 19–520 of the Insurance Article.

(3) “Collision damage waiver” means:

(i) With respect to a rental **AGREEMENT OR LOANER** agreement, any contract, whether separate from or part of a rental **AGREEMENT OR LOANER** agreement, in which the lessor agrees, for a charge, to waive all or part of any claims against the lessee for damages to the rental motor vehicle during the term of the rental agreement; and

(ii) With respect to a peer-to-peer car sharing program agreement, a provision in the peer-to-peer car sharing program agreement in which it is agreed, for a charge, that all or part of any claims against a shared vehicle driver for damages to a shared motor vehicle during a car sharing period are waived.

(4) “Lessee” means any person obtaining the use of a rental motor vehicle from a lessor under the terms of a rental agreement **OR LOANER AGREEMENT**.

(5) “Lessor” means any person in the business of providing rental motor vehicles to the public **OR LOANER VEHICLES TO CUSTOMERS**.

(6) “LOANER AGREEMENT” MEANS A WRITTEN AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS GOVERNING THE USE OF A LOANER VEHICLE BY A LESSEE FOR A PERIOD OF LESS THAN 180 DAYS.

(7) “LOANER VEHICLE” MEANS A PASSENGER CAR LOANED TO A CUSTOMER OF A LESSOR UNDER A LOANER AGREEMENT.

[(6)] (8) “Passenger car” means any motor vehicle that is:

(i) A Class A (passenger) vehicle under § 13–912 of the Transportation Article;

(ii) A Class M (multipurpose) vehicle under § 13–937 of the Transportation Article if the vehicle is used primarily for transporting passengers; or

(iii) A Class E (truck) vehicle that is used primarily for personal, household, family, or agricultural purposes and that, under § 13–917 of the Transportation Article, does not exceed a three-quarter ton capacity or 7,000 pounds gross vehicle weight.

[(7)] (9) “Peer-to-peer car sharing program agreement” has the meaning stated in § 19–520 of the Insurance Article.

1 [(8)] (10) “Rental agreement” means a written agreement setting forth the
2 terms and conditions governing the use of a rental motor vehicle by a lessee for a period of
3 less than 180 days.

4 [(9)] (11) “Rental motor vehicle” means a passenger car which, on
5 execution of a rental agreement, is made available to a lessee for the lessee’s use.

6 (12) “REPLACEMENT VEHICLE” HAS THE MEANING STATED IN §
7 18–102(A)(2)(I) OR § 18.5–102(A)(2)(I) OF THE TRANSPORTATION ARTICLE.

8 [(10)] (13) “Shared motor vehicle” has the meaning stated in § 19–520 of the
9 Insurance Article.

10 [(11)] (14) “Shared vehicle driver” has the meaning stated in § 19–520 of the
11 Insurance Article.

12 (b) The Division shall develop a form for collision damage waivers for lessors and
13 for peer-to-peer car sharing programs, and shall make it available to all lessors and
14 peer-to-peer car sharing programs in the State.

15 (c) The form shall meet the requirements specified in subsection (e) of this
16 section.

17 (d) (1) A lessor may not deliver or issue for delivery in this State a rental motor
18 vehicle agreement **OR LOANER AGREEMENT** containing a collision damage waiver, unless
19 the lessor uses a [separate] collision damage waiver form provided by the Division that
20 meets the requirements specified in subsection (e) of this section.

21 (2) A peer-to-peer car sharing program may not deliver or issue for
22 delivery in the State a peer-to-peer car sharing program agreement containing a collision
23 damage waiver, unless the peer-to-peer car sharing program uses a [separate] collision
24 damage waiver form provided by the Division that meets the requirements specified in
25 subsection (e) of this section.

26 (e) The collision damage waiver form shall contain the following requirements:

27 (1) The collision damage waiver shall be understandable and written in
28 simple and readable plain language;

29 (2) The terms of the collision damage waiver, including, but not limited to,
30 any conditions or exclusions applicable to the collision damage waiver, shall be prominently
31 displayed;

32 (3) All restrictions, conditions, or provisions in, or endorsed on, the collision
33 damage waiver are **PROMINENTLY DISPLAYED IN ANY ELECTRONIC FORMS OR** printed
34 in type at least as large as Brevier or 10 point type;

(4) The collision damage waiver shall include a statement of the total charge for the anticipated rental period, **LOANER PERIOD**, or car sharing period or the anticipated total daily charge;

(5) The agreement containing the collision damage waiver shall display the following notice **PROMINENTLY ON ANY ELECTRONIC FORMS AND** on the face of [the] **A WRITTEN** agreement, **IF ANY**, set apart and in boldface type, and in type at least as large as 10 point type:

“Notice:

This contract offers, for an additional charge, a collision damage waiver to cover your responsibility for damage to the vehicle. Before deciding whether to purchase the collision damage waiver, you may wish to determine whether your own automobile insurance affords you coverage for damage to the rental vehicle, **LOANER VEHICLE**, or shared motor vehicle and the amount of the deductible under your own insurance coverage. The purchase of this collision damage waiver is not mandatory and may be waived. Maryland law requires that all Maryland residents’ insurance policies with collision coverage **OR COMPREHENSIVE COVERAGE** automatically extend that collision coverage **OR COMPREHENSIVE COVERAGE** to passenger cars rented, **USED AS REPLACEMENT VEHICLES, OR USED AS A SHARED MOTOR VEHICLES** or motor vehicles shared by the insureds named in the policy [for a period of 30 days or less].”; and

(6) Any additional information that the Division considers reasonable and necessary to carry out the provisions of this subtitle.

(f) A failure by a lessor **OR PEER-TO-PEER CAR SHARING PROGRAM** to comply with subsection (d) of this section is an unfair, **ABUSIVE**, or deceptive trade practice within the meaning of Title 13, Subtitle 3 of this article.

Article – Insurance

19–512.

(a) (1) Each insurer that issues, sells, or delivers a motor vehicle insurance policy in the State shall offer collision coverage for damage to insured motor vehicles subject to deductibles of \$50 to \$250 in \$50 increments.

(2) Collision coverage shall provide insurance, without regard to fault, against accidental property damage to the insured motor vehicle caused by physical contact of the insured motor vehicle with another motor vehicle or other object or by upset of the insured motor vehicle, if the motor vehicle accident occurs in a state, Canada, or Mexico.

(b) (1) In this subsection, “passenger car” means a motor vehicle that is:

(i) a Class A (passenger) vehicle under § 13-912 of the Transportation Article; [or]

(ii) a Class M (multipurpose) vehicle under § 13-937 of the Transportation Article used primarily for transporting passengers; **OR**

(III) A CLASS E (TRUCK) VEHICLE THAT IS USED PRIMARILY FOR PERSONAL, HOUSEHOLD, FAMILY, OR AGRICULTURAL PURPOSES AND THAT, UNDER § 13-917 OF THE TRANSPORTATION ARTICLE, DOES NOT EXCEED A THREE-QUARTER TON CAPACITY OR 7,000 POUNDS GROSS VEHICLE WEIGHT.

(2) THIS SUBSECTION APPLIES TO A PASSENGER CAR THAT IS RENTED, USED, OR LOANED:

(I) AS A REPLACEMENT VEHICLE AS DEFINED IN § 18-102(A)(2)(I) OR § 18.5-102(A)(2)(I) OF THE TRANSPORTATION ARTICLE;

(II) UNDER A RENTAL AGREEMENT; OR

(III) UNDER A PEER-TO-PEER CAR SHARING PROGRAM AGREEMENT AS DEFINED IN § 14-2101 OF THE COMMERCIAL LAW ARTICLE.

[(2)] (3) If a private passenger motor vehicle insurance policy issued, sold, or delivered in the State includes[:

(i)] collision coverage under this section[.] OR COMPREHENSIVE COVERAGE:

(I) the motor vehicles insured under that coverage shall include any passenger car [that is rented or used by an insured for a period of 30 days or less under a rental agreement or a peer-to-peer car sharing program agreement as otherwise defined in § 14-2101 of the Commercial Law Article; or] DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION; AND

(ii) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE COLLISION COVERAGE OR comprehensive coverage[, the motor vehicles insured under that coverage] shall [include] BE APPLICABLE TO any [replacement vehicle as defined under § 18-102(a)(2)(i) or § 18.5-102(a)(2)(i) of the Transportation Article] PASSENGER CAR DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION IN THE SAME MANNER AND AMOUNT THAT THE COVERAGE IS APPLICABLE TO THE INSURED VEHICLES.

[(3)] (4) Each insurer that provides a private passenger motor vehicle insurance policy that includes collision coverage shall give the insured a separate notice written in boldface type that the insured does not need a collision damage waiver or any

1 additional collision coverage when **USING**, renting, or peer-to-peer car sharing a passenger
2 car [for a period of 30 days or less] **DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION**
3 during the term of the policy.

4 **[(4)] (5)** An insurer may not deny coverage to an insured for collision
5 damage to a [rental] passenger car **DESCRIBED IN PARAGRAPH (2) OF THIS**
6 **SUBSECTION** because:

7 (i) the motor vehicle accident involved an uninsured motorist; or

8 (ii) the identity of the motor vehicle causing the damage cannot be
9 ascertained.

10 (c) An insurer may offer to provide to the insured coverage for damages incurred
11 by the insured as a result of the loss of use of a rental vehicle or a shared motor vehicle that
12 sustains collision damage while rented by the insured.

13 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
14 October 1, 2022.