

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 961
Finance

(Senator Klausmeier)

Vehicle Laws - Rental Vehicles - Security

This bill allows the owner of a rental vehicle to satisfy the minimum security required by law for the rental vehicle by maintaining the minimum security that is *secondary* to a renter's personal insurance coverage, if the personal insurance coverage maintains the minimum required security. If applicable, this information must be disclosed to the renter in a specified manner. The bill also requires a motor vehicle rental company to provide certain information to a person who requests the information after being involved in an adverse event that involves a rental vehicle rented by another person. A motor vehicle rental company may not be held civilly or criminally liable for disclosing information in the manner required by the bill.

Fiscal Summary

State Effect: The bill does not directly affect State operations or finances.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: "Adverse event" means an incident that may subject the owner or driver of a rental vehicle to legal liability, including liability for damages, costs of defense, legal costs and fees, and any other claims expenses.

A person involved in an adverse event that involves a rental vehicle rented by another person may request information from the motor vehicle rental company that owns the rental

vehicle. Such a request must include specified information about the adverse event and the rental vehicle and be submitted to the motor vehicle rental company's registered agent in the State. Within 30 days after receiving a request, the company must provide to the requestor, in writing, (1) the name, mailing address, and driver's license soundex number of each person identified in the rental agreement as a renter or authorized driver of the rental vehicle and (2) specified information about the insurer responsible for providing primary insurance coverage for the rental vehicle and the policy number associated with the primary insurance coverage for the rental vehicle when the adverse event occurred. A company may not be compelled to disclose any other information about the persons identified as renters or authorized drivers. If a request is made more than three years after the date of the adverse event, a company may refuse to provide the information.

Current Law/Background:

Required Security

Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period. The security required must provide at least 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;
- for property of others damaged or destroyed in an accident of up to \$15,000;
- unless waived or exempt by Chapters 425 and 426 of 2016, for personal injury protection (PIP) of \$2,500 per person; and
- for uninsured motorist coverage (unless waived, the amount equals the amount of liability coverage provided under the policy; if waived, the amount equals the minimum required insurance for liability coverage).

If the first-named insured does waive PIP, the waiver (1) constitutes a waiver under the first-named insured's policy or any other motor vehicle liability insurance policy in the State and (2) is binding on each named insured, each listed driver, and each member of the first-named insured's family who is age 16 or older and resides in the first-named insured's household.

If the required security for a vehicle lapses, the Motor Vehicle Administration (MVA) may assess the owner of the vehicle a penalty of \$150 for each vehicle without the required security for the first 30 days. Beginning on the thirty-first day, the fine increases by a rate of \$7 for each day, but the total fine may not exceed \$2,500 annually, not including the additional misdemeanor penalty of up to \$500, which may be prepaid with a fine of \$290. Knowingly operating a vehicle without adequate security is a misdemeanor, subject to maximum penalties of a \$1,000 fine and/or one year imprisonment for a first offense and

a \$1,000 fine and/or two years imprisonment for a subsequent offense. The violation requires a court appearance, results in the imposition of five points on the driver's record, and subjects the driver to participation in the Driver Improvement Program.

The Maryland Vehicle Law and Rental Vehicles

The Maryland Vehicle Law governs rental vehicles. Generally, it is a misdemeanor to violate any provision of the Maryland Vehicle Law, unless the violation is declared to be a felony or is punishable by a civil penalty, as specified.

Generally, the owner of a rental vehicle must maintain the minimum security required by law for the vehicle that is *primary* to a renter's personal insurance coverage; the renter's personal insurance coverage is secondary. However, when a rental vehicle is rented to a renter as a replacement vehicle (which is a type of rental vehicle that is loaned out to or rented temporarily by a person while the person's own vehicle is not in use because of a breakdown, repair, etc.), the owner of the rental vehicle may satisfy the security requirement by maintaining the minimum required security that is *secondary* to the renter's personal insurance coverage if that personal insurance coverage maintains the minimum required security. In such a case, the renter's (of the replacement vehicle) personal insurance coverage is primary. If applicable, this information must be disclosed to a renter in a specified manner.

A person may not rent a motor vehicle, trailer, or semitrailer to any other person unless the individual who will operate the rented vehicle either (1) holds a driver's license issued by MVA to drive or tow the class of vehicle being rented or (2) is a nonresident who has and keeps an appropriate driver's license from his or her state or country of origin and is at least the same age required of a resident to drive or tow the class of vehicle being rented. The lessor of the rented vehicle or the agent must inspect a renter's license to ensure it is valid and appropriate for the vehicle being rented. Each person who rents a motor vehicle to another person must keep specified records of the transaction, including the renter's name, address, and driver's license number. MVA or any police officer may inspect these records.

Additional Information

Prior Introductions: None.

Cross File: HB 1385 (Delegate Valderrama, *et al.*) - Economic Matters.

Information Source(s): Maryland Department of Transportation; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2017
mm/ljm

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510