

# SENATE BILL 573

R7  
SB 961/17 – FIN

8lr0327

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By: **Senators Klausmeier, Astle, Benson, DeGrange, Feldman, Hershey, Mathias, and Oaks**

Introduced and read first time: January 31, 2018

Assigned to: Finance

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

17 BY repealing and reenacting, without amendments,  
18 Article – Transportation  
19 Section 17–103  
20 Annotated Code of Maryland  
21 (2012 Replacement Volume and 2017 Supplement)

22 BY repealing and reenacting, with amendments,  
23 Article – Transportation  
24 Section 17–104 and 18–102  
25 Annotated Code of Maryland  
26 (2012 Replacement Volume and 2017 Supplement)

27 BY adding to

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Transportation  
2 Section 17–104.3  
3 Annotated Code of Maryland  
4 (2012 Replacement Volume and 2017 Supplement)

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

7 **Article – Transportation**

8 17–103.

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

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

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

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

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

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

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

27 (4) The benefits required under § 19–509 or § 19–509.1 of the Insurance  
28 Article as to required additional coverage; and

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

31 17–104.

32 (a) The Administration may not issue or transfer the registration of a motor  
33 vehicle unless the owner or prospective owner of the vehicle furnishes evidence satisfactory

1 to the Administration that the required security is in effect.

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

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

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

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

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

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

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

27 (3) If an owner of a replacement vehicle provides coverage as provided  
28 under paragraph (2) of this subsection, the agreement for the replacement vehicle to be  
29 signed by the renter or the individual to whom the vehicle is loaned shall contain a  
30 provision on the face of the agreement, in at least 10 point bold type, that informs the  
31 individual that the coverage on the vehicle being serviced or repaired is primary coverage  
32 for the replacement vehicle and the coverage maintained by the owner on the replacement  
33 vehicle is secondary.

34 (F) (1) IN THIS SUBSECTION, “ADVERSE EVENT” HAS THE MEANING  
35 STATED IN § 17–104.3(A) OF THIS SUBTITLE.

36 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, AN OWNER OF

1 A RENTAL VEHICLE MAY SATISFY THE REQUIREMENT OF SUBSECTION (A) OF THIS  
2 SECTION BY MAINTAINING THE REQUIRED SECURITY DESCRIBED IN § 17-103 OF  
3 THIS SUBTITLE THAT IS:

4 (I) PRIMARY:

5 1. EXCEPT AS PROVIDED IN ITEM (II) OF THIS  
6 PARAGRAPH, WHILE THE OWNER'S VEHICLE IS USED AS A RENTAL VEHICLE; OR

7 2. IF THE COVERAGE MAINTAINED BY THE RENTER OF  
8 THE RENTAL VEHICLE IS PROVIDED BY THE MARYLAND AUTOMOBILE INSURANCE  
9 FUND; AND

10 (II) SECONDARY, RETROACTIVE TO AN ADVERSE EVENT, TO  
11 COVERAGE MAINTAINED BY THE RENTER OF THE RENTAL VEHICLE ON THE OWNER'S  
12 CONFIRMATION, AFTER THE ADVERSE EVENT, WITH THE INSURANCE CARRIER THAT  
13 PROVIDES COVERAGE TO THE RENTER, THAT THE INSURANCE MAINTAINED BY THE  
14 RENTER PROVIDES VALID AND COLLECTIBLE COVERAGE IN THE AMOUNTS  
15 REQUIRED UNDER § 17-103(B) OF THIS SUBTITLE TO THE OWNER'S VEHICLE WHILE  
16 IT IS USED AS A RENTAL VEHICLE, IF THE OWNER INITIATES CONTACT WITH THE  
17 INSURANCE CARRIER THAT PROVIDES COVERAGE TO THE RENTER WITHIN 3  
18 BUSINESS DAYS OF RECEIVING NOTICE OF THE ADVERSE EVENT.

19 (3) IF AN OWNER OF A RENTAL VEHICLE PROVIDES COVERAGE IN  
20 ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION, THE AGREEMENT FOR  
21 THE RENTAL VEHICLE TO BE SIGNED BY THE RENTER SHALL CONTAIN A PROVISION  
22 ON THE FACE OF THE AGREEMENT, IN AT LEAST 10 POINT BOLD TYPE, THAT  
23 INFORMS THE INDIVIDUAL THAT, EXCEPT FOR COVERAGE PROVIDED BY THE  
24 MARYLAND AUTOMOBILE INSURANCE FUND, THE COVERAGE MAINTAINED BY THE  
25 RENTER OF THE RENTAL VEHICLE IS PRIMARY COVERAGE ON THE OWNER'S  
26 CONFIRMATION WITH THE INSURANCE CARRIER THAT PROVIDES COVERAGE TO THE  
27 RENTER THAT THE INSURANCE MAINTAINED BY THE RENTER PROVIDES VALID AND  
28 COLLECTIBLE COVERAGE IN THE AMOUNTS REQUIRED UNDER § 17-103(B) OF THIS  
29 SUBTITLE TO THE OWNER'S VEHICLE WHILE IT IS USED AS A RENTAL VEHICLE.

30 17-104.3.

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

33 (2) "ADVERSE EVENT" MEANS AN INCIDENT THAT MAY SUBJECT THE  
34 OWNER OR DRIVER OF A RENTAL VEHICLE TO LEGAL LIABILITY, INCLUDING  
35 LIABILITY FOR:

- 1           **(I) DAMAGES;**
- 2           **(II) COSTS OF DEFENSE;**
- 3           **(III) LEGAL COSTS AND FEES; AND**
- 4           **(IV) ANY OTHER CLAIMS EXPENSES.**

5           **(3) "MOTOR VEHICLE RENTAL COMPANY" MEANS A PERSON THAT IS**  
6 **IN THE BUSINESS OF PROVIDING MOTOR VEHICLES TO THE PUBLIC UNDER A RENTAL**  
7 **AGREEMENT FOR A PERIOD NOT EXCEEDING 180 DAYS.**

8           **(4) "RENTAL AGREEMENT" MEANS A WRITTEN AGREEMENT**  
9 **CONTAINING THE TERMS AND CONDITIONS THAT GOVERN THE USE OF A RENTAL**  
10 **VEHICLE PROVIDED BY A MOTOR VEHICLE RENTAL COMPANY UNDER THE**  
11 **PROVISIONS OF THIS ARTICLE.**

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

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

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

22                   **(II) THE DATE AND APPROXIMATE TIME OF THE ADVERSE**  
23 **EVENT; AND**

24                   **(III) TO THE EXTENT KNOWN, A DESCRIPTION OF THE RENTAL**  
25 **VEHICLE, INCLUDING THE VEHICLE'S:**

- 26                           **1. MAKE;**
- 27                           **2. MODEL;**
- 28                           **3. COLOR; AND**



1 vehicles.

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

7 (ii) Subject to subparagraph (iii) of this paragraph, an owner of a  
8 replacement vehicle may satisfy the requirement of paragraph (1) of this subsection by  
9 maintaining the required security described in § 17–103 of this article that is secondary to  
10 any other valid and collectible coverage and that extends coverage to the owner’s vehicle in  
11 amounts required under § 17–103(b) of this article while it is used as a replacement vehicle.

12 (iii) If an owner of a replacement vehicle provides coverage as  
13 provided under subparagraph (ii) of this paragraph, the agreement for the replacement  
14 vehicle to be signed by the renter or the individual to whom the vehicle is loaned shall  
15 contain a provision on the face of the agreement, in at least 10 point bold type, that informs  
16 the individual that the coverage on the vehicle being serviced or repaired is primary  
17 coverage for the replacement vehicle and the coverage maintained by the owner on the  
18 replacement vehicle is secondary.

19 (3) (I) IN THIS PARAGRAPH, “ADVERSE EVENT” HAS THE MEANING  
20 STATED IN § 17–104.3(A) OF THIS ARTICLE.

21 (II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, AN  
22 OWNER OF A RENTAL VEHICLE MAY SATISFY THE REQUIREMENT OF PARAGRAPH (1)  
23 OF THIS SUBSECTION BY MAINTAINING THE REQUIRED SECURITY DESCRIBED IN §  
24 17–103 OF THIS ARTICLE THAT IS:

25 1. PRIMARY:

26 A. EXCEPT AS PROVIDED IN ITEM 2 OF THIS  
27 SUBPARAGRAPH, WHILE THE OWNER’S VEHICLE IS USED AS A RENTAL VEHICLE; OR

28 B. IF THE COVERAGE MAINTAINED BY THE RENTER OF  
29 THE RENTAL VEHICLE IS PROVIDED BY THE MARYLAND AUTOMOBILE INSURANCE  
30 FUND; AND

31 2. SECONDARY, RETROACTIVE TO AN ADVERSE EVENT,  
32 TO COVERAGE MAINTAINED BY THE RENTER OF THE RENTAL VEHICLE ON THE  
33 OWNER’S CONFIRMATION, AFTER THE ADVERSE EVENT, WITH THE INSURANCE  
34 CARRIER THAT PROVIDES COVERAGE TO THE RENTER, THAT THE INSURANCE  
35 MAINTAINED BY THE RENTER PROVIDES VALID AND COLLECTIBLE COVERAGE IN  
36 THE AMOUNTS REQUIRED UNDER § 17–103(B) OF THIS ARTICLE TO THE OWNER’S

1 VEHICLE WHILE IT IS USED AS A RENTAL VEHICLE, IF THE OWNER INITIATES  
2 CONTACT WITH THE INSURANCE CARRIER THAT PROVIDES COVERAGE TO THE  
3 RENTER WITHIN 3 BUSINESS DAYS OF RECEIVING NOTICE OF THE ADVERSE EVENT.

4 (iii) IF AN OWNER OR A RENTAL VEHICLE PROVIDES COVERAGE  
5 IN ACCORDANCE WITH SUBPARAGRAPH (ii) OF THIS PARAGRAPH, THE AGREEMENT  
6 FOR THE RENTAL VEHICLE TO BE SIGNED BY THE RENTER SHALL CONTAIN A  
7 PROVISION ON THE FACE OF THE AGREEMENT, IN AT LEAST 10 POINT BOLD TYPE,  
8 THAT INFORMS THE INDIVIDUAL THAT, EXCEPT FOR COVERAGE PROVIDED BY THE  
9 MARYLAND AUTOMOBILE INSURANCE FUND, THE COVERAGE MAINTAINED BY THE  
10 RENTER OF THE RENTAL VEHICLE IS PRIMARY COVERAGE ON THE OWNER'S  
11 CONFIRMATION WITH THE INSURANCE CARRIER THAT PROVIDES COVERAGE TO THE  
12 RENTER THAT THE INSURANCE MAINTAINED BY THE RENTER PROVIDES VALID AND  
13 COLLECTIBLE COVERAGE IN THE AMOUNTS REQUIRED UNDER § 17-103(B) OF THIS  
14 ARTICLE TO THE OWNER'S VEHICLE WHILE IT IS USED AS A RENTAL VEHICLE.

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

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

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 October 1, 2018.