

**By: Delegate Busch**

Introduced and read first time: February 19, 1996  
Assigned to: Economic Matters

Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 20, 1996

CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Vehicle Laws - ~~Rented or Leased Vehicles~~ Replacement Vehicles - Required Security**

3 FOR the purpose of clarifying that the Motor Vehicle Administration is prohibited from  
4 registering a leased vehicle until the lessor provides certain proof of insurance to  
5 the Administration; authorizing the owner of a vehicle to be rented certain  
6 replacement vehicles to satisfy the insurance requirement for a vehicle by  
7 maintaining a certain excess insurance policy which covers a motor vehicle under  
8 certain circumstances; requiring the owner of a ~~vehicle to be rented~~ replacement  
9 vehicle which is covered by a certain excess insurance coverage to provide a certain  
10 notice on a rental agreement ~~informing the renter~~ that the owner's coverage is  
11 excess only; making a technical change; defining a ~~certain term~~ certain terms; and  
12 generally relating to proof of insurance for the registration of certain ~~rented or~~  
13 ~~leased motor~~ replacement vehicles.

14 BY repealing and reenacting, without amendments,  
15 Article - Transportation  
16 Section 11-143  
17 Annotated Code of Maryland  
18 (1992 Replacement Volume and 1995 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article - Transportation  
21 Section ~~18-101~~ 17-104 and 18-102  
22 Annotated Code of Maryland  
23 (1992 Replacement Volume and 1995 Supplement)

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

2

1 **Article - Transportation**

2 11-143.

3 "Owner", as used in reference to a vehicle:

4 (1) Means a person who has the property in or title to the vehicle;

5 (2) Includes a person who, subject to a security interest in another person, is  
6 entitled to the use and possession of the vehicle;

7 (3) Does not include a lessee under a lease not intended as security; and

8 (4) Includes a lessee under a lease intended as a security.

9 ~~18-101.~~

10 ~~(A) In this title[,] THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.~~

11 ~~(B) ["rent"] "RENT" means to rent or lease for a period not exceeding 180 days.~~

12 ~~(C) "LEASE" MEANS TO RENT OR LEASE FOR A PERIOD EXCEEDING 180 DAYS.~~

13 17-104.

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

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

19 (C) (1) (I) IN THIS SUBSECTION, "REPLACEMENT VEHICLE" MEANS A  
20 VEHICLE THAT AN INDIVIDUAL RENTS TEMPORARILY TO USE WHILE A VEHICLE  
21 OWNED BY THE INDIVIDUAL IS BEING SERVICED OR REPAIRED.

22 (II) "REPLACEMENT VEHICLE" INCLUDES A VEHICLE THAT IS  
23 LOANED TO AN INDIVIDUAL BY AN AUTOMOBILE REPAIR FACILITY OR A DEALER.

24 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, AN OWNER OF A  
25 REPLACEMENT VEHICLE MAY SATISFY THE REQUIREMENT OF SUBSECTION (A) OF  
26 THIS SECTION BY MAINTAINING AN INSURANCE POLICY THAT IS EXCESS TO ANY  
27 OTHER INSURANCE POLICY AND THAT EXTENDS COVERAGE TO THE OWNER'S  
28 VEHICLE WHILE IT IS USED AS A REPLACEMENT VEHICLE.

29 (3) IF AN OWNER OF A REPLACEMENT VEHICLE PROVIDES COVERAGE  
30 AS PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE AGREEMENT FOR  
31 THE REPLACEMENT VEHICLE TO BE SIGNED BY THE RENTER OR THE INDIVIDUAL  
32 TO WHOM THE VEHICLE IS LOANED SHALL CONTAIN A PROVISION ON THE FACE OF  
33 THE AGREEMENT, IN 12 POINT BOLD TYPE, THAT INFORMS THE INDIVIDUAL THAT  
34 THE COVERAGE ON THE VEHICLE BEING SERVICED OR REPAIRED IS PRIMARY  
35 COVERAGE FOR THE REPLACEMENT VEHICLE AND THE COVERAGE MAINTAINED  
36 BY THE OWNER ON THE REPLACEMENT VEHICLE IS EXCESS ONLY.

3

1 18-102.

2 (a) (1) The Administration may not register any motor vehicle, trailer, or  
3 semitrailer to be rented ~~OR LEASED~~ until the owner, ~~OR IN THE CASE OF A LEASED~~  
4 ~~VEHICLE, THE LESSOR~~ of the vehicle certifies to the satisfaction of the Administration  
5 that [he] ~~THE OWNER OR LESSOR~~ has security for the vehicle in the same form and  
6 providing for the same minimum benefits as the security required by Title 17 of this  
7 article for motor vehicles.

8 (2) (I) ~~SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE~~  
9 ~~OWNER OF A VEHICLE TO BE RENTED MAY SATISFY THE REQUIREMENT OF~~  
10 ~~PARAGRAPH (1) OF THIS SUBSECTION BY MAINTAINING AN EXCESS INSURANCE~~  
11 ~~POLICY WHICH EXTENDS COVERAGE TO A MOTOR VEHICLE WHILE IT IS RENTED.~~

12 ~~(II) IF THE OWNER OF A VEHICLE TO BE RENTED PROVIDES~~  
13 ~~COVERAGE AS PROVIDED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE~~  
14 ~~RENTAL AGREEMENT SIGNED BY THE RENTER SHALL CONTAIN A PROVISION ON~~  
15 ~~THE BASE OF THE AGREEMENT, STATED IN BOLD TYPE, INFORMING THE RENTER~~  
16 ~~THAT THE OWNER'S COVERAGE IS EXCESS ONLY~~

17 1. IN THIS PARAGRAPH, "REPLACEMENT VEHICLE" MEANS A  
18 VEHICLE THAT AN INDIVIDUAL RENTS TEMPORARILY TO USE WHILE A VEHICLE  
19 OWNED BY THE INDIVIDUAL IS BEING SERVICED OR REPAIRED.

20 2. "REPLACEMENT VEHICLE" INCLUDES A VEHICLE THAT IS  
21 LOANED TO AN INDIVIDUAL BY AN AUTOMOBILE REPAIR FACILITY OR A DEALER.

22 (II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, AN  
23 OWNER OF A REPLACEMENT VEHICLE MAY SATISFY THE REQUIREMENT OF  
24 PARAGRAPH (1) OF THIS SUBSECTION BY MAINTAINING AN INSURANCE POLICY  
25 THAT IS EXCESS TO ANY OTHER INSURANCE POLICY AND THAT EXTENDS  
26 COVERAGE TO THE OWNER'S VEHICLE WHILE IT IS USED AS A REPLACEMENT  
27 VEHICLE.

28 (III) IF AN OWNER OF A REPLACEMENT VEHICLE PROVIDES  
29 COVERAGE AS PROVIDED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE  
30 AGREEMENT FOR THE REPLACEMENT VEHICLE TO BE SIGNED BY THE RENTER OR  
31 INDIVIDUAL TO WHOM THE VEHICLE IS LOANED SHALL CONTAIN A PROVISION ON  
32 THE FACE OF THE AGREEMENT, IN 12 POINT BOLD TYPE, THAT INFORMS THE  
33 INDIVIDUAL THAT THE COVERAGE ON THE VEHICLE BEING SERVICED OR  
34 REPAIRED IS PRIMARY COVERAGE FOR THE REPLACEMENT VEHICLE AND THE  
35 COVERAGE MAINTAINED BY THE OWNER ON THE REPLACEMENT VEHICLE IS  
36 EXCESS ONLY.

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

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

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 1996.