Unofficial Copy R4 1996 Regular Session 6lr2864

	CF SB 604						
By: Delegate Busch Introduced and read first time: February 19, 1996 Assigned to: Economic Matters							
Committ	ee Report: Favorable with amendments						
	tion: Adopted						
Read sec	ond time: March 20, 1996						
	CHAPTER						
1 AN	ACT concerning						
2 Veh	icle Laws - Rented or Lensed 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 proofof 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 rentedreplacement						
9	<u>vehicle</u> 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 <del>rented or</del>						
13	<del>leased motor</del> <u>replacement</u> 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 <del>18-101</del> <u>17-104</u> 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

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 vehicle unless the owner or prospective owner of the vehicle furnishes evidence 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 shall maintain the required security for the vehicle during the registration period.  19 (C) (1) (D) In THIS SUBSECTION, "REPLACEMENT VEHICLE" MEANS A OVEHICLE THAT AN INDIVIDUAL RENTS TEMPORABILY TO USE WHILE A VEHICLE OWNED BY THE INDIVIDUAL BY AN AUTOMOBILE REPAIR FACILITY OR A DEALER.  20 (D) "REPLACEMENT VEHICLE" INCLUDES A VEHICLE THAT IS LOANED TO AN INDIVIDUAL BY AN AUTOMOBILE REPAIR FACILITY OR A DEALER.  21 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, AN OWNER OF A REPLACEMENT VEHICLE. THAT IS EXCESS TO ANY OTHER INSURANCE POLICY THAT EXCESS TO ANY OTHER INSURANCE POLICY THAT IS EXCESS TO ANY OT	1 Article - Transportation	
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- 3 semitrailer to be rented OR LEASED until the owner, OR IN THE CASE OF ALEASED
- 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 <u>1. IN THIS PARAGRAPH, "REPLACEMENT VEHICLE" MEANS A</u>
- 18 <u>VEHICLE THAT AN INDIVIDUAL RENTS TEMPORARILY TO USE WHILE A VEHICLE</u>
- 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 <u>(II) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, AN</u>
- 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 <u>(III) IF AN OWNER OF A REPLACEMENT VEHICLE PROVIDES</u>
- 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 for lessee.
- (c) If the Administration finds that the vehicle owner has failed oris unable to
- 41 maintain the required security, the Administration shall suspend the registration of the
- 42 vehicle.

4

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

2 October 1, 1996.