
By: Senator Collins

Introduced and read first time: February 2, 1996

Assigned to: Judicial Proceedings

Reassigned: Finance, February 7, 1996

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - Rented or Leased 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 to satisfy the
6 insurance requirement for a vehicle by maintaining a certain excess insurance policy
7 which covers a motor vehicle under certain circumstances; requiring the owner of a
8 vehicle to be rented which is covered by a certain excess insurance coverage to
9 provide a certain notice on a rental agreement informing the renter that the owner's
10 coverage is excess only; making a technical change; defining a certain term; and
11 generally relating to proof of insurance for the registration of certain rented or
12 leased motor vehicles.

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

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

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

25 **Article - Transportation**

26 11-143.

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

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

2

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

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

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

5 18-101.

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

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

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

9 18-102.

10 (a) (1) The Administration may not register any motor vehicle, trailer, or
11 semitrailer to be rented OR LEASED until the owner, OR IN THE CASE OF ALEASED
12 VEHICLE, THE LESSOR of the vehicle certifies to the satisfaction of theAdministration
13 that [he] THE OWNER OR LESSOR has security for the vehicle in the same form and
14 providing for the same minimum benefits as the security required by Title 17 of this
15 article for motor vehicles.

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

20 (II) IF THE OWNER OF A VEHICLE TO BE RENTED PROVIDES
21 COVERAGE AS PROVIDED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE
22 RENTAL AGREEMENT SIGNED BY THE RENTER SHALL CONTAIN A PROVISION ON
23 THE BASE OF THE AGREEMENT, STATED IN BOLD TYPE, INFORMING THE RENTER
24 THAT THE OWNER'S COVERAGE IS EXCESS ONLY.

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

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

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