
By: Senator Della

Introduced and read first time: January 30, 1997

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - Required Security - Rental Vehicles**

3 FOR the purpose of authorizing the owner of a rental vehicle to satisfy a certain
4 insurance requirement by maintaining a certain security which covers a motor
5 vehicle under certain circumstances; clarifying the amount of coverage required;
6 requiring the owner of a rental vehicle that is covered by a certain excess insurance
7 coverage to provide a certain notice on a rental or loan agreement that the owner's
8 coverage is excess only; altering the size of type required for a certain purpose in a
9 rental or loan agreement; repealing a requirement that certain security covers each
10 person driving or using the covered vehicle with the permission of the lessee;
11 defining a certain term; making technical changes; and generally relating to proof of
12 insurance for the registration of certain rental vehicles.

13 BY repealing and reenacting, without amendments,
14 Article - Transportation
15 Section 17-103(b)
16 Annotated Code of Maryland
17 (1992 Replacement Volume and 1996 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article - Transportation
20 Section 17-104 and 18-102
21 Annotated Code of Maryland
22 (1992 Replacement Volume and 1996 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 17-103.

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

28 (1) The payment of claims for bodily injury or death arising from an
29 accident of up to \$20,000 for any one person and up to \$40,000 for any two or more
30 persons, in addition to interest and costs;

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1 (2) The payment of claims for property of others damaged or destroyed in
2 an accident of up to \$10,000, in addition to interest and costs;

3 (3) Unless waived, the benefits described under Article 48A, § 539 of the
4 Code as to basic required primary coverage; and

5 (4) The benefits required under Article 48A, § 541 of the Code as to
6 required additional coverage.

7 17-104.

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

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

13 (c) (1) [In this subsection, "replacement vehicle" means a vehicle that is loaned
14 by an auto repair facility or a dealer, or that an individual rents temporarily, to use while
15 a vehicle owned by the individual is not in use because of loss, as "loss" is defined in that
16 individual's applicable private passenger automobile insurance policy or because of
17 breakdown, repair, service, or damage.

18 (2) Subject to paragraph (3) of this subsection, an owner of a replacement
19 vehicle may satisfy the requirement of subsection (a) of this section by maintaining an
20 insurance policy that is excess to any other insurance policy and that extends coverage to
21 the owner's vehicle while it is used as a replacement vehicle.

22 (3) If an owner of a replacement vehicle provides coverage as provided
23 under paragraph (2) of this subsection, the agreement for the replacement vehicle to be
24 signed by the renter or the individual to whom the vehicle is loaned shall contain a
25 provision on the face of the agreement, in 12 point bold type, that informs the individual
26 that the coverage on the vehicle being serviced or repaired is primary coverage for the
27 replacement vehicle and the coverage maintained by the owner on the replacement
28 vehicle is excess only.] IN THIS SUBSECTION, "RENTAL VEHICLE" INCLUDES A
29 VEHICLE THAT IS LOANED TO A PERSON BY AN AUTO REPAIR FACILITY OR A
30 DEALER.

31 (2) THE OWNER OF A RENTAL VEHICLE MAY SATISFY THE
32 REQUIREMENT OF SUBSECTION (B) OF THIS SECTION BY COMPLYING WITH THE
33 PROVISIONS OF § 18-102 OF THIS ARTICLE.

34 18-102.

35 (a) (1) The Administration may not register any motor vehicle, trailer, or
36 semitrailer to be rented until the owner of the vehicle certifies to the satisfaction of the
37 Administration that the owner has security for the vehicle in the same form and providing
38 for the same minimum benefits as the security required by Title 17 of this article for
39 motor vehicles.

40 (2) (i) [In this paragraph, "replacement vehicle" means a vehicle that is
41 loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to use

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1 while a vehicle owned by the individual is not in use because of loss, as "loss" is defined
2 in that individual's applicable private passenger automobile insurance policy, or because
3 of breakdown, repair, service, or damage.] IN THIS PARAGRAPH, "RENTAL VEHICLE"
4 INCLUDES A VEHICLE THAT IS LOANED TO AN INDIVIDUAL BY AN AUTO REPAIR
5 FACILITY OR A DEALER.

6 (ii) Subject to subparagraph (iii) of this paragraph, an owner of a
7 [replacement] RENTAL vehicle may satisfy the requirement of paragraph (1) of this
8 subsection by maintaining [an insurance policy] REQUIRED SECURITY that is excess to
9 any other [insurance policy] VALID AND COLLECTIBLE COVERAGE and that extends
10 coverage to the owner's vehicle IN AMOUNTS REQUIRED UNDER § 17-103(B) OF THIS
11 ARTICLE while it is used as a [replacement] RENTAL vehicle.

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

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

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 1997.