
By: Senator Della

Introduced and read first time: January 30, 1997

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 1997

CHAPTER ____

1 AN ACT concerning

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

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 providing that a waiver of~~
13 ~~personal injury protection under a certain private passenger motor vehicle liability~~
14 ~~insurance policy constitutes a waiver of certain benefits whether provided under a~~
15 ~~certain vehicle policy issued to a certain owner of rental vehicles or under another~~
16 ~~certain form of security used by a certain owner of rental vehicles.~~

17 BY repealing and reenacting, without amendments,

18 Article - Transportation

19 Section 17-103(b)

20 Annotated Code of Maryland

21 (1992 Replacement Volume and 1996 Supplement)

22 BY repealing and reenacting, with amendments,

23 ~~Article - Transportation~~

24 ~~Section 17-104 and 18-102~~

25 ~~Annotated Code of Maryland~~

2

1 ~~(1992 Replacement Volume and 1996 Supplement)~~
 2 Article - Insurance
 3 Section 19-506
 4 Annotated Code of Maryland
 5 (1996 Volume)
 6 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

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

9 **Article - Transportation**

10 17-103.

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

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

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

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

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

21 ~~17-104.~~

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

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

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

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

36 ~~(3) If an owner of a replacement vehicle provides coverage as provided~~
 37 ~~under paragraph (2) of this subsection, the agreement for the replacement vehicle to be~~
 38 ~~signed by the renter or the individual to whom the vehicle is loaned shall contain a~~
 39 ~~provision on the face of the agreement, in 12-point bold type, that informs the individual~~

3

1 that the coverage on the vehicle being serviced or repaired is primary coverage for the
 2 replacement vehicle and the coverage maintained by the owner on the replacement
 3 vehicle is excess only.] IN THIS SUBSECTION, "RENTAL VEHICLE" INCLUDES A
 4 VEHICLE THAT IS LOANED TO A PERSON BY AN AUTO REPAIR FACILITY OR A
 5 DEALER.

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

9 ~~18-102.~~

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

15 (2) (i) [In this paragraph, "replacement vehicle" means a vehicle that is
 16 loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to use
 17 while a vehicle owned by the individual is not in use because of loss, as "loss" is defined
 18 in that individual's applicable private passenger automobile insurance policy, or because
 19 of breakdown, repair, service, or damage.] IN THIS PARAGRAPH, "RENTAL VEHICLE"
 20 INCLUDES A VEHICLE THAT IS LOANED TO AN INDIVIDUAL BY AN AUTO REPAIR
 21 FACILITY OR A DEALER.

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

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

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

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

4

1 **Article - Insurance**

2 19-506.

3 (a) (1) If the first named insured does not wish to obtain the benefits described
4 in § 19-505 of this subtitle, the first named insured shall make an affirmative written
5 waiver of those benefits.

6 (2) If the first named insured does not make an affirmative written waiver
7 under this section, the insurer shall provide the coverage described in § 19-505 of this
8 subtitle.

9 (b) (1) As to a private passenger motor vehicle liability insurance policy, a
10 waiver made under this section constitutes a waiver of all the benefits described in §
11 19-505 of this subtitle, whether provided under:

12 (I) the first named insured's policy [or];

13 (II) any other private passenger motor vehicle liability insurance policy
14 issued in the State;

15 (III) A VEHICLE LIABILITY INSURANCE POLICY ISSUED IN THE
16 STATE TO AN OWNER OF RENTAL VEHICLES; OR

17 (IV) ANOTHER FORM OF SECURITY USED IN PLACE OF A VEHICLE
18 LIABILITY INSURANCE POLICY BY AN OWNER OF RENTAL VEHICLES AS
19 AUTHORIZED UNDER § 17-103 OF THE TRANSPORTATION ARTICLE.

20 (2) Subject to paragraph (3) of this subsection, a waiver made under this
21 section is binding on the following individuals covered by the policy:

22 (i) each named insured;

23 (ii) each listed driver; and

24 (iii) each member of the first named insured's family residing in the
25 first named insured's household who is at least 16 years old.

26 (3) An individual listed in paragraph (2)(ii) or (iii) of this subsection may
27 recover the benefits described in § 19-505 of this subtitle under another private passenger
28 motor vehicle liability insurance policy if that individual:

29 (i) is the first named insured under the other policy;

30 (ii) has not waived the benefits described in § 19-505 of this subtitle
31 under the other policy; and

32 (iii) is not a named insured under any other private passenger motor
33 vehicle liability insurance policy under which a waiver of the benefits described in §
34 19-505 of this subtitle is in effect.

35 (c) A waiver made under this section is not effective unless, prior to the waiver,
36 the insurer gives the first named insured written notice of the nature, extent, and cost of
37 the coverage described in § 19-505 of this subtitle.

1 (d) (1) A waiver made under this section shall be made on the form that the
2 Commissioner requires.

3 (2) The form may be part of the insurance contract.

4 (3) The form shall clearly and concisely explain in 10 point boldface type:

5 (i) the nature, extent, and cost of the coverage that would be provided
6 under the policy if not waived by the first named insured;

7 (ii) each effect of a waiver as stated in subsection (b) of this section;

8 (iii) that a failure of the first named insured to make a waiver requires
9 an insurer to provide the coverage described in § 19-505 of this subtitle;

10 (iv) that an insurer may not refuse to underwrite a person because the
11 person refuses to waive the coverage described in § 19-505 of this subtitle; and

12 (v) that a waiver made under this section must be an affirmative
13 written waiver.

14 (e) A waiver made under this section by a person that is insured continuously by
15 the Maryland Automobile Insurance Fund is effective until the waiver is withdrawn in
16 writing.

17 (f) (1) An insurer may not refuse to underwrite a person because the person
18 refuses to waive the coverage described in § 19-505 of this subtitle.

19 (2) An insurer that violates this subsection is subject to the penalties
20 provided by §§ 4-113 and 4-114 of this article.

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