

HOUSE BILL 1320
EMERGENCY BILL

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C4

1998 Regular Session
(81r2584)

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Delegates Barve and Love**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Motor Vehicle Rental Insurance Companies - Certificate of Authority -**
3 **Exceptions Requirements to Offer or Sell Insurance**

4 FOR the purpose of ~~clarifying that a certificate of authority is not required for an~~
5 ~~insurer to engage in transactions involving certain insurance coverages offered~~
6 ~~by a motor vehicle rental company to a motor vehicle renter; clarifying that a~~
7 ~~certificate of qualification is not required for insurance agents and brokers to~~
8 ~~engage in transactions involving certain insurance coverages offered by a motor~~
9 ~~vehicle rental company to a motor vehicle renter; making this Act an emergency~~
10 ~~measure; and generally relating to exceptions to the requirement that an~~
11 ~~insurer possess a certificate of authority authorizing motor vehicle rental~~
12 ~~companies to offer for sale and sell to renters of motor vehicles certain insurance~~
13 ~~policies under certain circumstances; prohibiting motor vehicle rental~~
14 ~~companies and any of their employees from advertising, representing, or~~
15 ~~otherwise holding themselves out in a certain manner to the general public;~~
16 ~~requiring a certain study by the Insurance Commissioner; requiring the~~
17 ~~Insurance Commissioner to submit a certain report by a certain date; providing~~

1 for the effective date of this Act; providing for the termination of this Act; and
 2 generally relating to authorizing motor vehicle rental companies to offer for sale
 3 and sell certain insurance policies to renters.

4 ~~BY repealing and reenacting, with amendments,~~
 5 ~~Article - Insurance~~
 6 ~~Section 4-101 and 10-102~~
 7 ~~Annotated Code of Maryland~~
 8 ~~(1997 Volume)~~

9 BY adding to
 10 Article - Insurance
 11 Section 10-601 to be under the new subtitle "Subtitle 6. Miscellaneous
 12 Provisions"
 13 Annotated Code of Maryland
 14 (1997 Volume)

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

17 **Article - Insurance**

18 ~~4-101.~~

19 (a) (1) ~~Except as otherwise provided in this article, a person may not act as~~
 20 ~~an insurer and an insurer may not engage in the insurance business in the State~~
 21 ~~unless the person has a certificate of authority issued by the Commissioner.~~

22 (2) ~~An insurer may not have or maintain in this State an office,~~
 23 ~~representative, or other facility to solicit or service any kind of insurance in another~~
 24 ~~state unless the insurer is then authorized to engage in the same kind of insurance~~
 25 ~~business in this State.~~

26 (b) ~~A certificate of authority is not required for an insurer to engage in:~~

27 (1) ~~transactions that relate to policies that were lawfully written in the~~
 28 ~~State, or the liquidation of assets and liabilities of the insurer, including the collection~~
 29 ~~of premiums on existing policies, resulting from former authorized operations of the~~
 30 ~~insurer in the State;~~

31 (2) ~~transactions that occur after issuance of a policy that covers only~~
 32 ~~subjects of insurance not resident, located, or expressly to be performed in the State~~
 33 ~~at the time of issuance, or that covers property in the course of transportation by land,~~
 34 ~~air, or water to, from, or through the State, including any incidental preparation and~~
 35 ~~storage, and the coverage was lawfully solicited, written, and delivered outside the~~
 36 ~~State;~~

1 (3) transactions that relate to surplus lines coverages lawfully written
2 under Title 3, Subtitle 3 of this article; [or]

3 (4) reinsurance transactions, except as to domestic reinsurers; OR

4 (5) ~~TRANSACTIONS IN THE STATE INVOLVING ACCIDENT, HEALTH,
5 PERSONAL PROPERTY, LIABILITY, OR OTHER TRAVEL OR MOTOR VEHICLE RELATED
6 PRODUCTS OR COVERAGES OFFERED BY A MOTOR VEHICLE RENTAL COMPANY TO A
7 MOTOR VEHICLE RENTER IN CONNECTION WITH AND INCIDENTAL TO THE RENTAL
8 OF A MOTOR VEHICLE.~~

9 40-102.

10 (a) This subtitle applies to agents, brokers, all kinds of insurance and
11 annuities, and all types of insurers, including:

12 (1) nonprofit health service plans;

13 (2) dental plan organizations; and

14 (3) health maintenance organizations.

15 (b) This subtitle does not apply to:

16 (1) reinsurance;

17 (2) fraternal benefit societies, which are subject to Title 8, Subtitle 4 of
18 this article;

19 (3) surplus lines transactions, which are subject to Title 3, Subtitle 3 of
20 this article;

21 (4) a person while employed by an insured to administer or help to
22 administer the insurance or risk management program of the person's employer, if
23 the person is not authorized to accept any compensation from an agent, broker, or
24 insurer; [or]

25 (5) a licensed insurance adviser while employed under contract by an
26 insured and acting for the insured, if the insurance adviser is not authorized to accept
27 any compensation from an agent, broker, or insurer; OR

28 (6) ~~TRANSACTIONS IN THE STATE INVOLVING ACCIDENT, HEALTH,
29 PERSONAL PROPERTY, LIABILITY, OR OTHER TRAVEL OR MOTOR VEHICLE RELATED
30 PRODUCTS OR COVERAGES OFFERED BY A MOTOR VEHICLE RENTAL COMPANY, ITS
31 AGENTS, OR ITS EMPLOYEES TO A MOTOR VEHICLE RENTER IN CONNECTION WITH
32 AND INCIDENTAL TO THE RENTAL OF A MOTOR VEHICLE.~~

SUBTITLE 6. MISCELLANEOUS PROVISIONS.

2 10-601.

3 (A) NOTWITHSTANDING ANY PROVISION OF THIS TITLE RELATING TO THE
4 LICENSURE OF A PERSON WHO OFFERS OR SELLS INSURANCE, A MOTOR VEHICLE
5 RENTAL COMPANY MAY OFFER OR SELL AN INSURANCE POLICY IF:

6 (1) THE POLICY IS SOLD IN CONNECTION WITH A RENTAL OF A MOTOR
7 VEHICLE FOR A PERIOD NOT TO EXCEED 30 DAYS;

8 (2) THE POLICY HAS BEEN FILED AND APPROVED BY THE
9 COMMISSIONER AND ISSUED BY AN AUTHORIZED INSURER;

10 (3) THE MOTOR VEHICLE RENTAL COMPANY EMPLOYS OR CONTRACTS
11 WITH A QUALIFIED AGENT FOR PROPERTY AND CASUALTY INSURANCE WHO SHALL:

12 (I) REVIEW THE POLICIES;

13 (II) DEVELOP A TRAINING PROGRAM FOR THE EMPLOYEES OF THE
14 MOTOR VEHICLE RENTAL COMPANY;

15 (III) REVIEW DISCLOSURES AVAILABLE TO CONSUMERS; AND

16 (IV) PERFORM ANY OTHER DUTIES THAT THE COMMISSIONER MAY
17 REQUIRE;

18 (4) THE MOTOR VEHICLE RENTAL COMPANY FILES WITH THE
19 COMMISSIONER A LIST OF THE APPROVED POLICIES TO BE OFFERED TO RENTERS;
20 AND

21 (5) THE MOTOR VEHICLE RENTAL COMPANY PROVIDES TO EACH
22 RENTER COVERED BY A POLICY SOLD BY THE MOTOR VEHICLE RENTAL COMPANY A
23 DISCLOSURE APPROVED BY THE COMMISSIONER.

24 (B) NO MOTOR VEHICLE RENTAL COMPANY OR ANY EMPLOYEE OF A MOTOR
25 VEHICLE RENTAL COMPANY MAY ADVERTISE, REPRESENT, OR OTHERWISE HOLD
26 ITSELF OUT AS AN AUTHORIZED INSURER, REINSURER, AGENT, OR BROKER.

27 SECTION 2. AND BE IT FURTHER ENACTED, That the Insurance
28 Commissioner shall:

29 (a) conduct a study of:

30 (1) the insurance products offered and sold by motor vehicle rental
31 companies and current practices of the rental car industry related to the sale of
32 insurance products, including the compensation arrangements between insurers,
33 motor vehicle rental companies, and employees of the motor vehicle rental companies;

34 (2) the method by which other states regulate the offer and sale of
35 insurance products by the rental car industry and similar industries; and

- 1 (3) any other issue that the Commissioner considers appropriate;
- 2 (b) as part of the study, solicit comments from representatives of the rental car
3 industry, organizations representing independent agents and brokers, the automobile
4 liability industry, and the Maryland Automobile Insurance Fund;
- 5 (c) make recommendations on an appropriate regulatory structure for the
6 industry, including draft legislation, if necessary; and
- 7 (d) on or before November 1, 1998, submit a report, including the
8 recommendations required under subsection (c) of this section, to the House Economic
9 Matters Committee and the Senate Finance Committee.

10 SECTION 2: 3. AND BE IT FURTHER ENACTED, That this Act is an
11 emergency measure, is necessary for the immediate preservation of the public health
12 and safety, has been passed by a yea and nay vote supported by three-fifths of all the
13 members elected to each of the two Houses of the General Assembly, and shall take
14 effect from the date it is enacted shall take effect June 1, 1998. It shall remain
15 effective for a period of 1 year and, at the end of May 31, 1999, with no further action
16 required by the General Assembly, this Act shall be abrogated and of no further force
17 and effect.