
By: **Delegates Barve and Love**

Introduced and read first time: February 19, 1998

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Rental Insurance - Certificate of Authority - Exceptions**

3 FOR the purpose of clarifying that a certificate of authority is not required for an
4 insurer to engage in transactions involving certain insurance coverages offered
5 by a motor vehicle rental company to a motor vehicle renter; clarifying that a
6 certificate of qualification is not required for insurance agents and brokers to
7 engage in transactions involving certain insurance coverages offered by a motor
8 vehicle rental company to a motor vehicle renter; making this Act an emergency
9 measure; and generally relating to exceptions to the requirement that an
10 insurer possess a certificate of authority.

11 BY repealing and reenacting, with amendments,
12 Article - Insurance
13 Section 4-101 and 10-102
14 Annotated Code of Maryland
15 (1997 Volume)

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

18 **Article - Insurance**

19 4-101.

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

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

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

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

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

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

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

14 (5) TRANSACTIONS IN THE STATE INVOLVING ACCIDENT, HEALTH,
15 PERSONAL PROPERTY, LIABILITY, OR OTHER TRAVEL OR MOTOR VEHICLE RELATED
16 PRODUCTS OR COVERAGES OFFERED BY A MOTOR VEHICLE RENTAL COMPANY TO A
17 MOTOR VEHICLE RENTER IN CONNECTION WITH AND INCIDENTAL TO THE RENTAL
18 OF A MOTOR VEHICLE.

19 10-102.

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

22 (1) nonprofit health service plans;

23 (2) dental plan organizations; and

24 (3) health maintenance organizations.

25 (b) This subtitle does not apply to:

26 (1) reinsurance;

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

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

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

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

4 (6) 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, ITS
7 AGENTS, OR ITS EMPLOYEES TO A MOTOR VEHICLE RENTER IN CONNECTION WITH
8 AND INCIDENTAL TO THE RENTAL OF A MOTOR VEHICLE.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
10 measure, is necessary for the immediate preservation of the public health and safety,
11 has been passed by a ye and nay vote supported by three-fifths of all the members
12 elected to each of the two Houses of the General Assembly, and shall take effect from
13 the date it is enacted.