

HOUSE BILL 372

Unofficial Copy  
C4

1999 Regular Session  
(9r1646)

*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 Companies - Authority to Sell or Offer Insurance to**  
3 **Renters**

4 FOR the purpose of altering a certain termination provision relating to the authority  
5 of motor vehicle rental companies to sell or offer insurance to renters under  
6 certain circumstances; requiring a motor vehicle rental company to hold a  
7 ~~limited~~ special restricted certificate of qualification in order to sell or offer  
8 insurance to a renter under certain circumstances; requiring the Maryland  
9 Insurance Commissioner to issue a ~~limited~~ special restricted certificate of  
10 qualification to a motor vehicle rental company under certain circumstances;  
11 requiring a motor vehicle rental company to perform certain duties as a  
12 condition to receiving a ~~limited~~ special restricted certificate of qualification,  
13 including making available to a renter certain disclosures and providing certain  
14 training to employees of the motor vehicle rental company; establishing the  
15 primacy of an insurance policy sold by a motor vehicle rental company under  
16 certain circumstances; authorizing the Commissioner to suspend, revoke, or  
17 refuse to renew a ~~limited~~ special restricted certificate of qualification under

1 certain circumstances; authorizing the Commissioner to adopt certain  
 2 regulations; defining certain terms; ~~making~~ providing for a delayed effective  
 3 date for certain provisions of this Act subject to a certain contingency; requiring  
 4 the Commissioner to report by a certain time on certain compensation packages;  
 5 providing for the application of this Act; and generally relating to the authority  
 6 of motor vehicle rental companies to sell or offer insurance to renters of motor  
 7 vehicles.

8 BY repealing and reenacting, with amendments,  
 9 Chapter 746 of the Acts of the General Assembly of 1998  
 10 Section 3

11 BY adding to  
 12 Article - Insurance  
 13 Section 10-601 through 10-607, inclusive, to be under the new subtitle "Subtitle  
 14 6. Motor Vehicle Rental Companies"  
 15 Annotated Code of Maryland  
 16 (1997 Volume and 1998 Supplement)

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

19 **Chapter 746 of the Acts of 1998**

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 21 June 1, 1998. It shall remain effective for a period of 1 year and ~~4~~ 7 MONTHS AND, at  
 22 the end of [ May 31,] ~~SEPTEMBER 30~~ DECEMBER 31, 1999, with no further action  
 23 required by the General Assembly, this Act shall be abrogated and of no further force  
 24 and effect.

25 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 26 read as follows:

27 **Article - Insurance**

28 **SUBTITLE 6. MOTOR VEHICLE RENTAL COMPANIES.**

29 10-601.

30 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
 31 INDICATED.

32 (B) "MOTOR VEHICLE RENTAL COMPANY" MEANS ANY PERSON THAT IS IN THE  
 33 BUSINESS OF PROVIDING ~~PRIMARILY PRIVATE PASSENGER~~ MOTOR VEHICLES TO THE  
 34 PUBLIC UNDER A RENTAL AGREEMENT FOR A PERIOD OF 180 DAYS OR LESS.

35 (C) "RENTAL AGREEMENT" MEANS ANY WRITTEN AGREEMENT CONTAINING  
 36 THE TERMS AND CONDITIONS THAT GOVERN THE USE OF A VEHICLE PROVIDED BY A

1 MOTOR VEHICLE RENTAL COMPANY UNDER THE PROVISIONS OF TITLE 18 OF THE  
2 TRANSPORTATION ARTICLE.

3 (D) "RENTER" MEANS ANY PERSON OBTAINING THE USE OF A VEHICLE FROM  
4 A MOTOR VEHICLE RENTAL COMPANY UNDER THE TERMS OF A RENTAL  
5 AGREEMENT.

6 (E) "VEHICLE" MEANS A MOTOR VEHICLE:

7 (1) OF THE PRIVATE PASSENGER TYPE, INCLUDING PASSENGER VANS,  
8 MINI VANS, AND SPORT UTILITY VEHICLES; OR

9 (2) OF THE CARGO TYPE, INCLUDING CARGO VANS, PICKUP TRUCKS,  
10 AND TRUCKS THAT DO NOT REQUIRE THE OPERATOR TO POSSESS A COMMERCIAL  
11 DRIVER'S LICENSE.

12 10-602.

13 (A) A MOTOR VEHICLE RENTAL COMPANY SHALL HOLD A ~~LIMITED SPECIAL~~  
14 RESTRICTED CERTIFICATE OF QUALIFICATION BEFORE THE COMPANY OR ITS  
15 EMPLOYEES MAY SELL OR OFFER ANY POLICIES OF INSURANCE IN THIS STATE TO A  
16 RENTER IN CONNECTION WITH AND INCIDENTAL TO A RENTAL AGREEMENT.

17 (B) A ~~LIMITED SPECIAL RESTRICTED~~ CERTIFICATE OF QUALIFICATION  
18 ISSUED UNDER THIS SUBTITLE SHALL ALSO AUTHORIZE ANY SALARIED OR HOURLY  
19 EMPLOYEE OF THE MOTOR VEHICLE RENTAL COMPANY WHO IS TRAINED, UNDER §  
20 10-604(A)(4) OF THIS SUBTITLE, TO ACT ON BEHALF OF, AND UNDER THE  
21 SUPERVISION OF, A MOTOR VEHICLE RENTAL COMPANY, WITH RESPECT TO THE  
22 KINDS OF INSURANCE SPECIFIED IN § 10-604(B)(2) OF THIS SUBTITLE.

23 (C) THE ACTS OF AN EMPLOYEE OFFERING OR SELLING INSURANCE  
24 COVERAGE ON BEHALF OF A MOTOR VEHICLE RENTAL COMPANY SHALL BE DEEMED  
25 THE ACTS OF THE MOTOR VEHICLE RENTAL COMPANY FOR THE PURPOSES OF THIS  
26 SUBTITLE.

27 (D) A MOTOR VEHICLE RENTAL COMPANY HOLDING A ~~LIMITED SPECIAL~~  
28 RESTRICTED CERTIFICATE OF QUALIFICATION ISSUED UNDER THIS SUBTITLE IS  
29 NOT REQUIRED TO TREAT PREMIUMS COLLECTED FROM A RENTER THAT  
30 PURCHASED INSURANCE FROM THE MOTOR VEHICLE RENTAL COMPANY AS FUNDS  
31 RECEIVED IN A FIDUCIARY CAPACITY IF:

32 (1) THE INSURER REPRESENTED BY THE MOTOR VEHICLE RENTAL  
33 COMPANY HAS CONSENTED IN A WRITTEN AGREEMENT, SIGNED BY ~~THE INSURER'S~~  
34 ~~CHIEF ADMINISTRATIVE OFFICER~~ AN OFFICER OF THE INSURER, THAT THE  
35 PREMIUMS DO NOT NEED TO BE SEGREGATED FROM OTHER FUNDS RECEIVED BY  
36 THE MOTOR VEHICLE RENTAL COMPANY IN CONNECTION WITH THE VEHICLE  
37 RENTAL; AND

1 (2) THE CHARGES FOR INSURANCE COVERAGE ARE ITEMIZED BUT NOT  
2 BILLED TO THE RENTER SEPARATELY FROM THE CHARGES FOR THE VEHICLE  
3 RENTAL.

4 10-603.

5 (A) THE COMMISSIONER SHALL ISSUE TO A MOTOR VEHICLE RENTAL  
6 COMPANY, OR A FRANCHISEE OF A MOTOR VEHICLE RENTAL COMPANY, A ~~LIMITED~~  
7 SPECIAL RESTRICTED CERTIFICATE OF QUALIFICATION AUTHORIZING THE MOTOR  
8 VEHICLE RENTAL COMPANY TO OFFER OR SELL INSURANCE IN CONNECTION WITH,  
9 AND INCIDENTAL TO, THE RENTAL OF A VEHICLE IF THE MOTOR VEHICLE RENTAL  
10 COMPANY:

11 (1) MEETS THE REQUIREMENTS OF § 10-604 OF THIS SUBTITLE;

12 (2) PAYS THE FEES FOR AGENTS REQUIRED UNDER §§ ~~2-104(J)~~ AND §  
13 2-112 OF THIS ARTICLE THAT ARE APPLICABLE TO A CERTIFICATE OF  
14 QUALIFICATION; AND

15 (3) SUBMITS TO THE COMMISSIONER ANY ADDITIONAL INFORMATION  
16 OR DOCUMENTATION THAT THE COMMISSIONER REQUIRES, INCLUDING ANY  
17 INFORMATION OR DOCUMENTATION TO DETERMINE THE PROFESSIONAL  
18 COMPETENCE, GOOD CHARACTER, AND TRUSTWORTHINESS OF THE MOTOR VEHICLE  
19 RENTAL COMPANY.

20 (B) A ~~LIMITED~~ SPECIAL RESTRICTED CERTIFICATE OF ~~TRUST~~ QUALIFICATION  
21 ISSUED UNDER THIS SUBTITLE IS SUBJECT TO THE SAME TERM AND RENEWAL  
22 CONDITIONS SPECIFIED FOR A CERTIFICATE OF ~~TRUST~~ QUALIFICATION UNDER §  
23 10-115 OF THIS TITLE.

24 10-604.

25 (A) A ~~LIMITED~~ SPECIAL RESTRICTED CERTIFICATE OF QUALIFICATION  
26 ISSUED UNDER THIS SUBTITLE AUTHORIZES THE MOTOR VEHICLE RENTAL  
27 COMPANY TO OFFER OR SELL, IN CONNECTION WITH, AND INCIDENTAL TO, A MOTOR  
28 VEHICLE RENTAL AGREEMENT IN WHICH THE RENTAL PERIOD DOES NOT EXCEED 30  
29 DAYS, THE INSURANCE PRODUCTS SPECIFIED IN PARAGRAPH (B) OF THIS SECTION  
30 IF:

31 (1) THE POLICIES HAVE BEEN FILED WITH AND APPROVED BY THE  
32 COMMISSIONER;

33 (2) THE MOTOR VEHICLE RENTAL COMPANY HOLDS AN APPOINTMENT  
34 WITH EACH AUTHORIZED INSURER, UNDER § 10-118(A) OF THIS TITLE, THAT THE  
35 MOTOR VEHICLE RENTAL COMPANY INTENDS TO REPRESENT;

36 (3) PRIOR TO COMPLETION OF THE RENTAL TRANSACTION, THE MOTOR  
37 VEHICLE RENTAL COMPANY ~~MAKES AVAILABLE~~ PROVIDES TO THE RENTER  
38 DISCLOSURES APPROVED BY THE COMMISSIONER THAT:

1 (I) SUMMARIZE, CLEARLY AND CORRECTLY, THE MATERIAL TERMS  
2 OF COVERAGE, INCLUDING LIMITATIONS OR EXCLUSIONS;

3 (II) IDENTIFY THE AUTHORIZED INSURER OR INSURERS;

4 (III) SPECIFY THAT THE POLICIES OFFERED BY THE MOTOR  
5 VEHICLE RENTAL COMPANY MAY PROVIDE A DUPLICATION OF COVERAGE ALREADY  
6 PROVIDED BY A RENTER'S PERSONAL AUTOMOBILE INSURANCE POLICY,  
7 HOMEOWNER'S INSURANCE POLICY, PERSONAL LIABILITY INSURANCE POLICY, OR  
8 OTHER SOURCE OF COVERAGE;

9 (IV) SPECIFY THAT THE PURCHASE OF AN INSURANCE POLICY  
10 FROM THE COVERAGES OFFERED BY THE MOTOR VEHICLE RENTAL COMPANY IS NOT  
11 REQUIRED IN ORDER FOR THE RENTER TO RENT A VEHICLE; AND

12 (V) DESCRIBE THE PROCESS BY WHICH THE RENTER CAN FILE A  
13 CLAIM; AND

14 (VI) SPECIFY THAT ANY EXCESS LIABILITY COVERAGE PURCHASED  
15 BY THE RENTER MAY DUPLICATE COVERAGE REQUIRED TO BE PROVIDED UNDER §  
16 18-102(A)(2) OF THE TRANSPORTATION ARTICLE; AND

17 (4) THE MOTOR VEHICLE RENTAL COMPANY PROVIDES A TRAINING  
18 PROGRAM, APPROVED BY THE INSURANCE COMMISSIONER, FOR ANY EMPLOYEE  
19 WHO OFFERS, SELLS, ~~OR SOLICITS,~~ OR PROCURES INSURANCE POLICIES COVERAGE  
20 UNDER THIS SUBTITLE THAT INCLUDES:

21 (I) ~~BASIC~~ INSTRUCTION ABOUT THE KINDS OF INSURANCE  
22 SPECIFIED IN SUBSECTION (B) OF THIS SECTION THAT CAN BE OFFERED TO  
23 RENTERS;

24 (II) INSTRUCTION THAT THE TRAINEE SHALL INFORM A RENTER  
25 THAT THE PURCHASE OF ANY INSURANCE FROM THE MOTOR VEHICLE RENTAL  
26 COMPANY IS NOT REQUIRED IN ORDER FOR THE RENTER TO RENT A VEHICLE; AND

27 (III) INSTRUCTION THAT THE TRAINEE SHALL INFORM A RENTER  
28 THAT THE RENTER MAY HAVE INSURANCE POLICIES THAT ALREADY PROVIDE THE  
29 COVERAGE BEING OFFERED BY THE MOTOR VEHICLE RENTAL COMPANY.

30 (B) A ~~LIMITED~~ SPECIAL RESTRICTED CERTIFICATE OF QUALIFICATION  
31 ISSUED UNDER THIS SUBTITLE AUTHORIZES THE MOTOR VEHICLE RENTAL  
32 COMPANY TO OFFER OR SELL INSURANCE POLICIES UNDER THIS SUBTITLE THAT  
33 ARE:

34 (1) IN EXCESS OF OR OPTIONAL TO THE COVERAGES REQUIRED TO BE  
35 PROVIDED BY THE MOTOR VEHICLE RENTAL COMPANY UNDER TITLE 17 OF THE  
36 TRANSPORTATION ARTICLE AND ANY RELATED REGULATIONS; AND

37 (2) ONE OF THE FOLLOWING KINDS OF INSURANCE:

- 1 (I) BODILY INJURY LIABILITY;
- 2 (II) PROPERTY DAMAGE LIABILITY;
- 3 (III) UNINSURED MOTORIST INSURANCE; OR
- 4 ~~(IV) PERSONAL ACCIDENT INSURANCE;~~
- 5 ~~(V) PERSONAL EFFECTS COVERAGE;~~
- 6 ~~(VI) ROADSIDE ASSISTANCE AND EMERGENCY SICKNESS~~  
 7 ~~PROTECTION PROGRAMS; AND~~
- 8 ~~(VII) ANY OTHER TRAVEL OR MOTOR VEHICLE RELATED INSURANCE~~  
 9 ~~COVERAGE THAT THE COMMISSIONER MAY APPROVE AS MEANINGFUL AND~~  
 10 ~~APPROPRIATE IN CONNECTION WITH THE RENTAL OF A VEHICLE.~~

11 (IV) IF APPROVED BY THE COMMISSIONER, ANY OTHER INSURANCE  
 12 COVERAGE THAT IS APPROPRIATE IN CONNECTION WITH THE RENTAL OF A MOTOR  
 13 VEHICLE.

14 10-605.

15 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AN  
 16 INSURANCE POLICY SOLD IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL  
 17 OF A VEHICLE UNDER THE PROVISIONS OF THIS SUBTITLE IS PRIMARY TO ANY  
 18 OTHER VALID AND COLLECTIBLE COVERAGE.

19 (B) ANY INSURANCE SOLD TO A RENTER UNDER THE PROVISIONS OF THIS  
 20 SUBTITLE IS NOT PRIMARY TO:

21 ~~(1)~~ THE COVERAGES PROVIDED BY THE MOTOR VEHICLE RENTAL  
 22 COMPANY ON THE RENTAL VEHICLE UNDER § 17-103(B) OF THE TRANSPORTATION  
 23 ARTICLE; OR

24 ~~(2)~~ A POLICY THAT IS ISSUED IN CONNECTION WITH A REPLACEMENT  
 25 VEHICLE AS DESCRIBED IN § 18-102(A)(2) OF THE TRANSPORTATION ARTICLE.

26 10-606.

27 (A) THE COMMISSIONER MAY SUSPEND, REVOKE, OR REFUSE TO RENEW A  
 28 ~~LIMITED SPECIAL RESTRICTED~~ CERTIFICATE OF QUALIFICATION ISSUED UNDER  
 29 THIS SUBTITLE AFTER NOTICE AND OPPORTUNITY FOR A HEARING UNDER TITLE 2,  
 30 SUBTITLE 2 OF THIS ARTICLE IF THE MOTOR VEHICLE RENTAL COMPANY OR AN  
 31 EMPLOYEE OF THE MOTOR VEHICLE RENTAL COMPANY HAS:

32 (1) WILLFULLY VIOLATED THIS ARTICLE OR ANOTHER LAW OF THE  
 33 STATE THAT RELATES TO INSURANCE;

34 (2) ~~BEEN OPERATING~~ OPERATED WITHOUT A ~~LIMITED SPECIAL~~  
 35 RESTRICTED CERTIFICATE OF QUALIFICATION AS REQUIRED UNDER THIS SUBTITLE;

1 (3) FAILED TO PROVIDE REQUIRED DISCLOSURES;  
2 (4) OFFERED OR SOLD UNAPPROVED INSURANCE PRODUCTS;  
3 (5) FAILED TO HOLD AN APPOINTMENT WITH THE ~~NAMED~~ INSURER;  
4 ~~AND~~

5 (6) FAILED TO ~~PROVIDE TRAINING TO~~ TRAIN EMPLOYEES OFFERING OR  
6 SELLING INSURANCE PRODUCTS ON BEHALF OF THE MOTOR VEHICLE RENTAL  
7 COMPANY; OR

8 (7) MISREPRESENTED PERTINENT FACTS OR POLICY PROVISIONS THAT  
9 RELATE TO THE COVERAGE OFFERED OR SOLD PURSUANT TO THIS SUBTITLE.

10 (B) A MOTOR VEHICLE RENTAL COMPANY AND ITS EMPLOYEES MAY NOT  
11 ADVERTISE, REPRESENT, OR OTHERWISE HOLD ITSELF OUT AS AN AUTHORIZED  
12 INSURER, OR AS AN INSURANCE AGENT OR INSURANCE BROKER, FOR ANY KIND OR  
13 SUBDIVISION OF INSURANCE.

14 (C) INSTEAD OF, OR IN ADDITION TO, SUSPENDING OR REVOKING THE  
15 ~~LIMITED~~ SPECIAL RESTRICTED CERTIFICATE OF QUALIFICATION, THE  
16 COMMISSIONER MAY:

17 (1) IMPOSE ON THE MOTOR VEHICLE RENTAL COMPANY A PENALTY OF  
18 NOT LESS THAN \$100 BUT NOT MORE THAN \$2,500 FOR EACH VIOLATION OF THIS  
19 SUBTITLE.; AND

20 ~~(D) INSTEAD OF, OR IN ADDITION TO, SUSPENDING OR REVOKING THE~~  
21 ~~LIMITED CERTIFICATE OF QUALIFICATION, THE COMMISSIONER MAY~~

22 (2) REQUIRE THAT RESTITUTION BE MADE TO ANY PERSON WHO HAS  
23 SUFFERED FINANCIAL INJURY BECAUSE OF THE VIOLATION OF THIS ARTICLE.

24 10-607.

25 THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THE  
26 PROVISIONS OF THIS SUBTITLE, INCLUDING REGULATIONS CONCERNING THE FORM  
27 AND CONTENT OF REQUIRED DISCLOSURES TO RENTERS ~~AND~~, THE TRAINING  
28 REQUIREMENTS FOR EMPLOYEES OF MOTOR VEHICLE RENTAL COMPANIES, AND  
29 THE QUALIFICATIONS OF THE INDIVIDUALS WHO PROVIDE EMPLOYEE TRAINING.

30 SECTION 3. AND BE IT FURTHER ENACTED, That the Insurance  
31 Commissioner shall report, subject to § 2-1246 of the State Government Article, to the  
32 Senate Finance Committee and the House Economic Matters Committee on or before  
33 February 15, 2002 on the types of employee compensation and incentive packages used  
34 by motor vehicle rental companies, during the first 2 years following the enactment of  
35 this Act, when employees sell or offer policies of insurance to renters in connection with  
36 and incidental to a rental agreement as authorized under Section 2 of this Act.

1 SECTION ~~3-4~~. AND BE IT FURTHER ENACTED, That ~~Section 1 of~~, except  
2 as provided in Section 5 of this Act, this Act shall take effect June 1, 1999.

3 SECTION ~~4-5~~. AND BE IT FURTHER ENACTED, That ~~Section 2~~ Sections 2  
4 and 3 of this Act shall take effect ~~October 1, 1999~~ January 1, 2000, contingent on the  
5 termination of § 10-601 of the Insurance Article as enacted by Chapter 746 of the Acts  
6 of the General Assembly of 1998 and amended by ~~Section 1~~ Sections 2 and 3 of this  
7 Act, and if that termination of § 10-601 of the Insurance Article does not become  
8 effective, Section 2 of this Act shall be null and void without the necessity of further  
9 action by the General Assembly. The provisions of Section 2 of this Act shall be  
10 applicable to insurance policies offered or sold to renters of motor vehicles, and to the  
11 acts of motor vehicle rental companies and their employees occurring on or after  
12 January 1, 2000.