
By: **Delegates Barve and Love**

Introduced and read first time: February 8, 1999

Assigned to: Economic Matters

A BILL ENTITLED

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 certificate of qualification in order to sell or offer insurance to a renter
8 under certain circumstances; requiring the Maryland Insurance Commissioner
9 to issue a limited certificate of qualification to a motor vehicle rental company
10 under certain circumstances; requiring a motor vehicle rental company to
11 perform certain duties as a condition to receiving a limited certificate of
12 qualification, including making available to a renter certain disclosures and
13 providing certain training to employees of the motor vehicle rental company;
14 establishing the primacy of an insurance policy sold by a motor vehicle rental
15 company under certain circumstances; authorizing the Commissioner to
16 suspend, revoke, or refuse to renew a limited certificate of qualification under
17 certain circumstances; authorizing the Commissioner to adopt certain
18 regulations; defining certain terms; making certain provisions of this Act subject
19 to a certain contingency; and generally relating to the authority of motor vehicle
20 rental companies to sell or offer insurance to renters.

21 BY repealing and reenacting, with amendments,
22 Chapter 746 of the Acts of the General Assembly of 1998
23 Section 3

24 BY adding to
25 Article - Insurance
26 Section 10-601 through 10-607, inclusive, to be under the new subtitle "Subtitle
27 6. Motor Vehicle Rental Companies"
28 Annotated Code of Maryland
29 (1997 Volume and 1998 Supplement)

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

1

Chapter 746 of the Acts of 1998

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

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

8

Article - Insurance

9

SUBTITLE 6. MOTOR VEHICLE RENTAL COMPANIES.

10 10-601.

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

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

16 (C) "RENTAL AGREEMENT" MEANS ANY WRITTEN AGREEMENT CONTAINING
17 THE TERMS AND CONDITIONS THAT GOVERN THE USE OF A VEHICLE PROVIDED BY A
18 MOTOR VEHICLE RENTAL COMPANY UNDER THE PROVISIONS OF TITLE 18 OF THE
19 TRANSPORTATION ARTICLE.

20 (D) "RENTER" MEANS ANY PERSON OBTAINING THE USE OF A VEHICLE FROM
21 A MOTOR VEHICLE RENTAL COMPANY UNDER THE TERMS OF A RENTAL
22 AGREEMENT.

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

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

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

29 10-602.

30 (A) A MOTOR VEHICLE RENTAL COMPANY SHALL HOLD A LIMITED
31 CERTIFICATE OF QUALIFICATION BEFORE THE COMPANY OR ITS EMPLOYEES MAY
32 SELL OR OFFER ANY POLICIES OF INSURANCE IN THIS STATE TO A RENTER IN
33 CONNECTION WITH A RENTAL AGREEMENT.

34 (B) A LIMITED CERTIFICATE OF QUALIFICATION ISSUED UNDER THIS
35 SUBTITLE SHALL ALSO AUTHORIZE ANY EMPLOYEE OF THE MOTOR VEHICLE

1 RENTAL COMPANY WHO IS TRAINED, UNDER § 10-604(A)(4) OF THIS SUBTITLE, TO ACT
2 ON BEHALF OF, AND UNDER THE SUPERVISION OF, A MOTOR VEHICLE RENTAL
3 COMPANY, WITH RESPECT TO THE KINDS OF INSURANCE SPECIFIED IN § 10-604(B)(2)
4 OF THIS SUBTITLE.

5 (C) THE ACTS OF AN EMPLOYEE OFFERING OR SELLING INSURANCE ON
6 BEHALF OF A MOTOR VEHICLE RENTAL COMPANY SHALL BE DEEMED THE ACTS OF
7 THE MOTOR VEHICLE RENTAL COMPANY FOR THE PURPOSES OF THIS SUBTITLE.

8 (D) A MOTOR VEHICLE RENTAL COMPANY HOLDING A LIMITED CERTIFICATE
9 OF QUALIFICATION ISSUED UNDER THIS SUBTITLE IS NOT REQUIRED TO TREAT
10 PREMIUMS COLLECTED FROM A RENTER THAT PURCHASED INSURANCE FROM THE
11 MOTOR VEHICLE RENTAL COMPANY AS FUNDS RECEIVED IN A FIDUCIARY CAPACITY
12 IF:

13 (1) THE INSURER REPRESENTED BY THE MOTOR VEHICLE RENTAL
14 COMPANY HAS CONSENTED IN A WRITTEN AGREEMENT, SIGNED BY THE INSURER'S
15 CHIEF ADMINISTRATIVE OFFICER, THAT THE PREMIUMS DO NOT NEED TO BE
16 SEGREGATED FROM OTHER FUNDS RECEIVED BY THE MOTOR VEHICLE RENTAL
17 COMPANY IN CONNECTION WITH THE VEHICLE RENTAL; AND

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

21 10-603.

22 (A) THE COMMISSIONER SHALL ISSUE TO A MOTOR VEHICLE RENTAL
23 COMPANY, OR A FRANCHISEE OF A MOTOR VEHICLE RENTAL COMPANY, A LIMITED
24 CERTIFICATE OF QUALIFICATION AUTHORIZING THE MOTOR VEHICLE RENTAL
25 COMPANY TO OFFER OR SELL INSURANCE IN CONNECTION WITH THE RENTAL OF A
26 VEHICLE IF THE MOTOR VEHICLE RENTAL COMPANY:

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

28 (2) PAYS THE FEES REQUIRED UNDER §§ 2-104(J) AND 2-112 OF THIS
29 ARTICLE THAT ARE APPLICABLE TO A CERTIFICATE OF QUALIFICATION; AND

30 (3) SUBMITS TO THE COMMISSIONER ANY ADDITIONAL INFORMATION
31 OR DOCUMENTATION THAT THE COMMISSIONER REQUIRES, INCLUDING ANY
32 INFORMATION OR DOCUMENTATION TO DETERMINE THE PROFESSIONAL
33 COMPETENCE, GOOD CHARACTER, AND TRUSTWORTHINESS OF THE MOTOR VEHICLE
34 RENTAL COMPANY.

35 (B) A LIMITED CERTIFICATE OF TRUST ISSUED UNDER THIS SUBTITLE IS
36 SUBJECT TO THE SAME TERM AND RENEWAL CONDITIONS SPECIFIED FOR A
37 CERTIFICATE OF TRUST UNDER § 10-115 OF THIS TITLE.

1 10-604.

2 (A) A LIMITED CERTIFICATE OF QUALIFICATION ISSUED UNDER THIS
3 SUBTITLE AUTHORIZES THE MOTOR VEHICLE RENTAL COMPANY TO OFFER OR SELL,
4 IN CONNECTION WITH A MOTOR VEHICLE RENTAL AGREEMENT, THE INSURANCE
5 PRODUCTS SPECIFIED IN PARAGRAPH (B) OF THIS SECTION IF:

6 (1) THE POLICIES HAVE BEEN FILED WITH AND APPROVED BY THE
7 COMMISSIONER;

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

11 (3) PRIOR TO COMPLETION OF THE RENTAL TRANSACTION, THE MOTOR
12 VEHICLE RENTAL COMPANY MAKES AVAILABLE TO THE RENTER DISCLOSURES
13 APPROVED BY THE COMMISSIONER THAT:

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

16 (II) IDENTIFY THE AUTHORIZED INSURER OR INSURERS;

17 (III) THE POLICIES OFFERED BY THE MOTOR VEHICLE RENTAL
18 COMPANY MAY PROVIDE A DUPLICATION OF COVERAGE ALREADY PROVIDED BY A
19 RENTER'S PERSONAL AUTOMOBILE INSURANCE POLICY, HOMEOWNER'S INSURANCE
20 POLICY, PERSONAL LIABILITY INSURANCE POLICY, OR OTHER SOURCE OF
21 COVERAGE;

22 (IV) THE PURCHASE OF AN INSURANCE POLICY FROM THE MOTOR
23 VEHICLE RENTAL COMPANY IS NOT REQUIRED IN ORDER FOR THE RENTER TO RENT
24 A VEHICLE; AND

25 (V) DESCRIBE THE PROCESS BY WHICH THE RENTER CAN FILE A
26 CLAIM; AND

27 (4) THE MOTOR VEHICLE RENTAL COMPANY PROVIDES A TRAINING
28 PROGRAM FOR ANY EMPLOYEE WHO OFFERS, SELLS, OR SOLICITS INSURANCE
29 POLICIES UNDER THIS SUBTITLE THAT INCLUDES:

30 (I) BASIC INSTRUCTION ABOUT THE KINDS OF INSURANCE
31 SPECIFIED IN SUBSECTION (B) OF THIS SECTION THAT CAN BE OFFERED TO
32 RENTERS;

33 (II) INSTRUCTION THAT THE PURCHASE OF ANY INSURANCE FROM
34 THE MOTOR VEHICLE RENTAL COMPANY IS NOT REQUIRED IN ORDER FOR THE
35 RENTER TO RENT A VEHICLE; AND

1 (III) INSTRUCTION THAT THE RENTER MAY HAVE INSURANCE
2 POLICIES THAT ALREADY PROVIDE THE COVERAGE BEING OFFERED BY THE MOTOR
3 VEHICLE RENTAL COMPANY.

4 (B) A LIMITED CERTIFICATE OF QUALIFICATION ISSUED UNDER THIS
5 SUBTITLE AUTHORIZES THE MOTOR VEHICLE RENTAL COMPANY TO OFFER OR SELL
6 INSURANCE POLICIES UNDER THIS SUBTITLE THAT ARE:

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

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

11 (I) BODILY INJURY LIABILITY;

12 (II) PROPERTY DAMAGE LIABILITY;

13 (III) UNINSURED MOTORIST INSURANCE;

14 (IV) PERSONAL ACCIDENT INSURANCE;

15 (V) PERSONAL EFFECTS COVERAGE;

16 (VI) ROADSIDE ASSISTANCE AND EMERGENCY SICKNESS
17 PROTECTION PROGRAMS; AND

18 (VII) ANY OTHER TRAVEL OR MOTOR VEHICLE RELATED INSURANCE
19 COVERAGE THAT THE COMMISSIONER MAY APPROVE AS MEANINGFUL AND
20 APPROPRIATE IN CONNECTION WITH THE RENTAL OF A VEHICLE.

21 10-605.

22 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AN
23 INSURANCE POLICY SOLD IN CONNECTION WITH THE RENTAL OF A VEHICLE UNDER
24 THE PROVISIONS OF THIS SUBTITLE IS PRIMARY TO ANY OTHER VALID AND
25 COLLECTIBLE COVERAGE.

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

28 (1) THE COVERAGES PROVIDED UNDER § 17-103(B) OF THE
29 TRANSPORTATION ARTICLE; OR

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

32 10-606.

33 (A) THE COMMISSIONER MAY SUSPEND, REVOKE, OR REFUSE TO RENEW A
34 LIMITED CERTIFICATE OF QUALIFICATION ISSUED UNDER THIS SUBTITLE AFTER

1 NOTICE AND OPPORTUNITY FOR A HEARING UNDER TITLE 2, SUBTITLE 2 OF THIS
2 ARTICLE IF THE MOTOR VEHICLE RENTAL COMPANY HAS:

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

5 (2) BEEN OPERATING WITHOUT A LIMITED CERTIFICATE OF
6 QUALIFICATION AS REQUIRED UNDER THIS SUBTITLE;

7 (3) FAILED TO PROVIDE REQUIRED DISCLOSURES;

8 (4) OFFERED OR SOLD UNAPPROVED INSURANCE PRODUCTS;

9 (5) FAILED TO HOLD AN APPOINTMENT WITH THE NAMED INSURER;
10 AND

11 (6) FAILED TO PROVIDE TRAINING TO EMPLOYEES OFFERING OR
12 SELLING INSURANCE PRODUCTS ON BEHALF OF THE MOTOR VEHICLE RENTAL
13 COMPANY.

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

18 (C) INSTEAD OF, OR IN ADDITION TO, SUSPENDING OR REVOKING THE
19 LIMITED CERTIFICATE OF QUALIFICATION, THE COMMISSIONER MAY IMPOSE ON
20 THE MOTOR VEHICLE RENTAL COMPANY A PENALTY OF NOT LESS THAN \$100 BUT
21 NOT MORE THAN \$2,500 FOR EACH VIOLATION OF THIS SUBTITLE.

22 (D) INSTEAD OF, OR IN ADDITION TO, SUSPENDING OR REVOKING THE
23 LIMITED CERTIFICATE OF QUALIFICATION, THE COMMISSIONER MAY REQUIRE THAT
24 RESTITUTION BE MADE TO ANY PERSON WHO HAS SUFFERED FINANCIAL INJURY
25 BECAUSE OF THE VIOLATION OF THIS ARTICLE.

26 10-607.

27 THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THE
28 PROVISIONS OF THIS SUBTITLE, INCLUDING REGULATIONS CONCERNING THE FORM
29 AND CONTENT OF REQUIRED DISCLOSURES TO RENTERS AND THE TRAINING
30 REQUIREMENTS FOR EMPLOYEES OF MOTOR VEHICLE RENTAL COMPANIES.

31 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
32 take effect June 1, 1999.

33 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act
34 shall take effect October 1, 1999, contingent on the termination of § 10-601 of the
35 Insurance Article as enacted by Chapter 746 of the Acts of the General Assembly of
36 1998 and amended by Section 1 of this Act, and if that termination of § 10-601 of the

- 1 Insurance Article does not become effective, Section 2 of this Act shall be null and void
- 2 without the necessity of further action by the General Assembly.