
By: **Delegates Barve and Love**
Introduced and read first time: February 8, 1999
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 16, 1999

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
18 certain circumstances; authorizing the Commissioner to adopt certain
19 regulations; defining certain terms; ~~making providing for a delayed effective~~
20 ~~date for~~ certain provisions of this Act subject to a certain contingency; and
21 generally relating to the authority of motor vehicle rental companies to sell or
22 offer insurance to renters.

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

26 BY adding to

1 Article - Insurance
2 Section 10-601 through 10-607, inclusive, to be under the new subtitle "Subtitle
3 6. Motor Vehicle Rental Companies"
4 Annotated Code of Maryland
5 (1997 Volume and 1998 Supplement)

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

8 **Chapter 746 of the Acts of 1998**

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

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

16 **Article - Insurance**

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

18 10-601.

19 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
20 INDICATED.

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

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

28 (D) "RENTER" MEANS ANY PERSON OBTAINING THE USE OF A VEHICLE FROM
29 A MOTOR VEHICLE RENTAL COMPANY UNDER THE TERMS OF A RENTAL
30 AGREEMENT.

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

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

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

4 10-602.

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

9 (B) A ~~LIMITED SPECIAL RESTRICTED~~ CERTIFICATE OF QUALIFICATION
10 ISSUED UNDER THIS SUBTITLE SHALL ALSO AUTHORIZE ANY SALARIED OR HOURLY
11 EMPLOYEE OF THE MOTOR VEHICLE RENTAL COMPANY WHO IS TRAINED, UNDER §
12 10-604(A)(4) OF THIS SUBTITLE, TO ACT ON BEHALF OF, AND UNDER THE
13 SUPERVISION OF, A MOTOR VEHICLE RENTAL COMPANY, WITH RESPECT TO THE
14 KINDS OF INSURANCE SPECIFIED IN § 10-604(B)(2) OF THIS SUBTITLE.

15 (C) THE ACTS OF AN EMPLOYEE OFFERING OR SELLING INSURANCE
16 COVERAGE ON BEHALF OF A MOTOR VEHICLE RENTAL COMPANY SHALL BE DEEMED
17 THE ACTS OF THE MOTOR VEHICLE RENTAL COMPANY FOR THE PURPOSES OF THIS
18 SUBTITLE.

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

24 (1) THE INSURER REPRESENTED BY THE MOTOR VEHICLE RENTAL
25 COMPANY HAS CONSENTED IN A WRITTEN AGREEMENT, SIGNED BY ~~THE INSURER'S~~
26 ~~CHIEF ADMINISTRATIVE OFFICER~~ AN OFFICER OF THE INSURER, THAT THE
27 PREMIUMS DO NOT NEED TO BE SEGREGATED FROM OTHER FUNDS RECEIVED BY
28 THE MOTOR VEHICLE RENTAL COMPANY IN CONNECTION WITH THE VEHICLE
29 RENTAL; AND

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

33 10-603.

34 (A) THE COMMISSIONER SHALL ISSUE TO A MOTOR VEHICLE RENTAL
35 COMPANY, OR A FRANCHISEE OF A MOTOR VEHICLE RENTAL COMPANY, A ~~LIMITED~~
36 SPECIAL RESTRICTED CERTIFICATE OF QUALIFICATION AUTHORIZING THE MOTOR
37 VEHICLE RENTAL COMPANY TO OFFER OR SELL INSURANCE IN CONNECTION WITH,
38 AND INCIDENTAL TO, THE RENTAL OF A VEHICLE IF THE MOTOR VEHICLE RENTAL
39 COMPANY:

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

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

4 (3) SUBMITS TO THE COMMISSIONER ANY ADDITIONAL INFORMATION
5 OR DOCUMENTATION THAT THE COMMISSIONER REQUIRES, INCLUDING ANY
6 INFORMATION OR DOCUMENTATION TO DETERMINE THE PROFESSIONAL
7 COMPETENCE, GOOD CHARACTER, AND TRUSTWORTHINESS OF THE MOTOR VEHICLE
8 RENTAL COMPANY.

9 (B) A ~~LIMITED SPECIAL RESTRICTED~~ CERTIFICATE OF TRUST QUALIFICATION
10 ISSUED UNDER THIS SUBTITLE IS SUBJECT TO THE SAME TERM AND RENEWAL
11 CONDITIONS SPECIFIED FOR A CERTIFICATE OF ~~TRUST QUALIFICATION~~ UNDER §
12 10-115 OF THIS TITLE.

13 10-604.

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

20 (1) THE POLICIES HAVE BEEN FILED WITH AND APPROVED BY THE
21 COMMISSIONER;

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

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

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

30 (II) IDENTIFY THE AUTHORIZED INSURER OR INSURERS;

31 (III) SPECIFY THAT THE POLICIES OFFERED BY THE MOTOR
32 VEHICLE RENTAL COMPANY MAY PROVIDE A DUPLICATION OF COVERAGE ALREADY
33 PROVIDED BY A RENTER'S PERSONAL AUTOMOBILE INSURANCE POLICY,
34 HOMEOWNER'S INSURANCE POLICY, PERSONAL LIABILITY INSURANCE POLICY, OR
35 OTHER SOURCE OF COVERAGE;

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

1 (V) DESCRIBE THE PROCESS BY WHICH THE RENTER CAN FILE A
2 CLAIM; AND

3 (VI) SPECIFY THAT ANY EXCESS LIABILITY COVERAGE PURCHASED
4 BY THE RENTER MAY DUPLICATE COVERAGE REQUIRED TO BE PROVIDED UNDER §
5 18-102(A)(2) OF THE TRANSPORTATION ARTICLE; AND

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

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

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

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

19 (B) A ~~LIMITED SPECIAL RESTRICTED~~ CERTIFICATE OF QUALIFICATION
20 ISSUED UNDER THIS SUBTITLE AUTHORIZES THE MOTOR VEHICLE RENTAL
21 COMPANY TO OFFER OR SELL INSURANCE POLICIES UNDER THIS SUBTITLE THAT
22 ARE:

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

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

27 (I) BODILY INJURY LIABILITY;

28 (II) PROPERTY DAMAGE LIABILITY;

29 (III) UNINSURED MOTORIST INSURANCE; OR

30 ~~(IV) PERSONAL ACCIDENT INSURANCE;~~

31 ~~(V) PERSONAL EFFECTS COVERAGE;~~

32 ~~(VI) ROADSIDE ASSISTANCE AND EMERGENCY SICKNESS~~
33 ~~PROTECTION PROGRAMS; AND~~

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

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

4 10-605.

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

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

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

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

16 10-606.

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

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

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

26 (3) FAILED TO PROVIDE REQUIRED DISCLOSURES;

27 (4) OFFERED OR SOLD UNAPPROVED INSURANCE PRODUCTS;

28 (5) FAILED TO HOLD AN APPOINTMENT WITH THE ~~NAMED~~ INSURER;
 29 ~~AND~~

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

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

35 (B) A MOTOR VEHICLE RENTAL COMPANY AND ITS EMPLOYEES MAY NOT
 36 ADVERTISE, REPRESENT, OR OTHERWISE HOLD ITSELF OUT AS AN AUTHORIZED

1 INSURER, OR AS AN INSURANCE AGENT OR INSURANCE BROKER, FOR ANY KIND OR
2 SUBDIVISION OF INSURANCE.

3 (C) INSTEAD OF, OR IN ADDITION TO, SUSPENDING OR REVOKING THE
4 ~~LIMITED SPECIAL RESTRICTED~~ CERTIFICATE OF QUALIFICATION, THE
5 COMMISSIONER MAY:

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

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

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

13 10-607.

14 THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THE
15 PROVISIONS OF THIS SUBTITLE, INCLUDING REGULATIONS CONCERNING THE FORM
16 AND CONTENT OF REQUIRED DISCLOSURES TO RENTERS ~~AND~~ THE TRAINING
17 REQUIREMENTS FOR EMPLOYEES OF MOTOR VEHICLE RENTAL COMPANIES, AND
18 THE QUALIFICATIONS OF THE INDIVIDUALS WHO PROVIDE EMPLOYEE TRAINING.

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

21 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act
22 shall take effect ~~October 1, 1999~~ January 1, 2000, contingent on the termination of §
23 10-601 of the Insurance Article as enacted by Chapter 746 of the Acts of the General
24 Assembly of 1998 and amended by Section 1 of this Act, and if that termination of §
25 10-601 of the Insurance Article does not become effective, Section 2 of this Act shall
26 be null and void without the necessity of further action by the General Assembly.