

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

House Bill 516 (Delegates Love and Barve)

Economic Matters

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**Insurance - Motor Vehicle Rental Companies - Regulation**

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This bill provides that the insurance laws of the State do not apply to a motor vehicle rental company, or its employees or agents, that offers insurance coverage in connection with the rental of a motor vehicle. In order to offer insurance coverage the company or a management employee must hold a certificate of qualification to act as a broker issued by the Maryland Insurance Administration and meet certain other requirements.

The bill is effective June 1, 1999.

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**Fiscal Summary**

**State Effect:** Special fund revenues could increase by \$4,000 every other year beginning in FY 2000. Expenditures would not be affected.

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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**Fiscal Analysis**

**Bill Summary:** In order to offer insurance coverage on a rental vehicle, the rental company or a management employee must obtain a broker certificate of qualification, or retain the services of a person who has a broker certificate of qualification. The certified person must provide training, approved by the Insurance Commissioner, and supervise each employee whose primary function is to rent vehicles and offer insurance coverage on the vehicle. The rental company may not permit direct compensation to its employees by an insurer or renter relating to the sale of insurance. However, the provisions of the bill may not be interpreted to

prevent a company from providing incentive compensation to an employee based on the employee's performance.

The bill also requires that the rental company obtain a master policy of insurance from an insurer or provide evidence that the company is able to fulfill its financial obligations under the rental agreements.

**State Revenues:** Special fund revenues could increase for the Maryland Insurance Administration by \$4,000 every other year from the \$80 biennial broker certificate of qualification fee. It is estimated that there are 50 rental car companies operating in Maryland that sell or will sell insurance products related to the rental of motor vehicles.

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**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

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