

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 576

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 19, after “circumstances;” insert “authorizing an insurer or insurance producer to pay or assign certain consideration to certain persons except under certain circumstances;”.

On page 2, in line 7, after “10-503(a),” insert “10-602 through 10-604,”; in the same line, strike “10-606(b)” and substitute “10-606”; and in line 11, strike “19-101(c)(1),”.

AMENDMENT NO. 2

On page 25, in lines 15 and 21, in each instance, strike “LINES” and substitute “LINE”; in line 23, strike “OR”; after line 23, insert:

“(3) INSURANCE SOLD IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE UNDER SUBTITLE 6 OF THIS TITLE; OR;”

and in line 24, strike “(3)” and substitute “(4)”.

On page 33, after line 31, insert:

“(A) THIS SECTION DOES NOT APPLY TO A MOTOR VEHICLE RENTAL COMPANY THAT APPLIES FOR A LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE UNDER SUBTITLE 6 OF THIS TITLE.”;

in line 32, strike “(A)” and substitute “(B)”; and in line 37, strike “(B)” and substitute “(C)”.

On page 37, in line 22, after “(C)” insert:

(Over)

“(1) THIS SUBSECTION DOES NOT APPLY TO A MOTOR VEHICLE RENTAL COMPANY THAT APPLIES FOR A LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE UNDER SUBTITLE 6 OF THIS TITLE.

(2)”;

in line 25, strike “(1)” and substitute “(I)”; and in line 28, strike “(2)” and substitute “(II)”.

On page 69, after line 31, insert:

“10-602.

(a) A motor vehicle rental company shall hold a [special restricted certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE before the company or its employees may sell or offer any policies of insurance in this State to a renter in connection [with] WITH, and incidental [to] TO, a rental agreement.

(b) A [special restricted certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE issued under this subtitle shall also authorize any salaried or hourly employee of the motor vehicle rental company who is trained, under § 10-604(a)(4) of this subtitle, to act on behalf of, and under the supervision of, a motor vehicle rental company, with respect to the kinds of insurance specified in § 10-604(b)(2) of this subtitle.

(c) The acts of an employee offering or selling insurance coverage on behalf of a motor vehicle rental company shall be deemed the acts of the motor vehicle rental company for the purposes of this subtitle.

(d) A motor vehicle rental company holding a [special restricted certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE issued under this subtitle is not required to treat premiums collected from a renter that purchased insurance from the motor vehicle rental company as funds received in a fiduciary capacity if:

(1) the insurer represented by the motor vehicle rental company has consented in a

written agreement, signed by an officer of the insurer, that the premiums do not need to be segregated from other funds received by the motor vehicle rental company in connection with the vehicle rental; and

(2) the charges for insurance coverage are itemized but not billed to the renter separately from the charges for the vehicle rental.

10-603.

(a) The Commissioner shall issue to a motor vehicle rental company, or a franchisee of a motor vehicle rental company, a [special restricted certificate of qualification] LIMITED LINES LICENSE authorizing the motor vehicle rental company to offer or sell insurance in connection with, and incidental to, the rental of a vehicle if the motor vehicle rental company:

(1) meets the requirements of § 10-604 of this subtitle;

(2) pays the fees for [agents] INSURANCE PRODUCERS required under § 2-112 of this article that are applicable to [a certificate of qualification] AN INSURANCE PRODUCER LICENSE; and

(3) submits to the Commissioner any additional information or documentation that the Commissioner requires, including any information or documentation to determine the professional competence, good character, and trustworthiness of the motor vehicle rental company.

(b) A [special restricted certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO , THE RENTAL OF A MOTOR VEHICLE issued under this subtitle is subject to the same term and renewal conditions specified for [a certificate of qualification] AN INSURANCE PRODUCER LICENSE under § 10-115 of this title.

10-604.

(a) A [special restricted certificate of qualification] LIMITED LINES LICENSE TO

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SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE issued under this subtitle authorizes the motor vehicle rental company to offer or sell, in connection with, and incidental to, a motor vehicle rental agreement in which the rental period does not exceed 30 days, the insurance products specified in paragraph (b) of this section if:

- (1) the policies have been filed with and approved by the Commissioner;
- (2) the motor vehicle rental company holds an appointment with each authorized insurer, under § 10-118(a) of this title, that the motor vehicle rental company intends to represent;
- (3) prior to completion of the rental transaction, the motor vehicle rental company provides to the renter disclosures approved by the Commissioner that:
 - (i) summarize, clearly and correctly, the material terms of coverage, including limitations or exclusions;
 - (ii) identify the authorized insurer or insurers;
 - (iii) specify that the policies offered by the motor vehicle rental company may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage;
 - (iv) specify that the purchase of the coverages offered by the motor vehicle rental company is not required in order for the renter to rent a vehicle;
 - (v) describe the process by which the renter can file a claim; and
 - (vi) specify that any excess liability coverage purchased by the renter may duplicate coverage required to be provided under § 18-102(a)(2) of the Transportation Article; and
- (4) the motor vehicle rental company provides a training program, approved by the [Insurance] Commissioner, for any employee who [offers,] sells, solicits, or [procures] NEGOTIATES insurance coverage under this subtitle that includes:

(i) instruction about the kinds of insurance specified in subsection (b) of this section that can be offered to renters;

(ii) instruction that the trainee shall inform a renter that the purchase of any insurance from the motor vehicle rental company is not required in order for the renter to rent a vehicle; and

(iii) instruction that the trainee shall inform a renter that the renter may have insurance policies that already provide the coverage being offered by the motor vehicle rental company.

(b) A [special restricted certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE issued under this subtitle authorizes the motor vehicle rental company to offer or sell insurance policies under this subtitle that are:

(1) in excess of or optional to the coverages required to be provided by the motor vehicle rental company under Title 17 of the Transportation Article and any related regulations; and

(2) one of the following kinds of insurance:

(i) bodily injury liability;

(ii) property damage liability;

(iii) uninsured motorist insurance; or

(iv) if approved by the Commissioner, any other insurance coverage that is appropriate in connection with the rental of a motor vehicle.”;

after line 32, insert:

“(a) The Commissioner may suspend, revoke, or refuse to renew a [special restricted

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certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE issued under this subtitle after notice and opportunity for a hearing under Title 2, Subtitle 2 of this article if the motor vehicle rental company or an employee of the motor vehicle rental company has:

(1) willfully violated this article or another law of the State that relates to insurance;

(2) operated without a [special restricted certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE as required under this subtitle;

(3) failed to provide required disclosures;

(4) offered or sold unapproved insurance products;

(5) failed to hold an appointment with the insurer;

(6) failed to train employees [offering or] selling OR SOLICITING, OR NEGOTIATING THE SALE OF, insurance products on behalf of the motor vehicle rental company;
or

(7) misrepresented pertinent facts or policy provisions that relate to the coverage offered or sold pursuant to this subtitle.”;

and after line 35, insert:

“(c) Instead of, or in addition to, suspending or revoking the [special restricted certificate of qualification] LIMITED LINES LICENSE TO SELL INSURANCE IN CONNECTION WITH, AND INCIDENTAL TO, THE RENTAL OF A MOTOR VEHICLE, the Commissioner may:

(1) impose on the motor vehicle rental company a penalty of not less than \$100 but not more than \$2,500 for each violation of this subtitle; and

(2) require that restitution be made to any person who has suffered financial injury because of the violation of this article.”.

AMENDMENT NO. 3

On page 50, in line 36, strike “THE INSURANCE” and substitute “THIS”.

On page 81, in line 31, strike “agent or broker” and substitute “INSURANCE PRODUCER”.

On page 92, in line 14, strike “authority” and substitute “qualification”; and strike beginning with “to” in line 35 down through “necessary” in line 36 and substitute “to “agent”, “broker”, and “certificate of qualification”, as necessary”.

AMENDMENT NO. 4

On page 67, strike beginning with “procuring” in line 24 down through “of” in line 25 and substitute “SELLING, SOLICITING, OR NEGOTIATING”; and after line 32, insert:

“(C) UNLESS THE PAYMENT WOULD VIOLATE § 27-209 OR § 27-212 OF THIS ARTICLE, AN INSURER OR INSURANCE PRODUCER MAY PAY OR ASSIGN COMMISSIONS, SERVICE FEES, OR OTHER VALUABLE CONSIDERATION TO AN INSURANCE AGENCY OR TO PERSONS WHO DO NOT SELL, SOLICIT, OR NEGOTIATE INSURANCE IN THE STATE.”.