

HOUSE BILL 356

R7, C4
HB 1058/11 – ECM

2lr1803
CF SB 907

By: **Delegate Braveboy**

Introduced and read first time: January 30, 2012

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 25, 2012

CHAPTER _____

1 AN ACT concerning

2 **Transportation – Required Security – Rental Vehicles**

3 FOR the purpose of establishing that the owner of a rental vehicle may satisfy a
4 certain insurance requirement by maintaining a certain security that is
5 secondary to any other valid and collectible coverage; requiring the owner of a
6 rental vehicle to provide a certain notice to the renter of the rental vehicle; and
7 generally relating to proof of insurance for the registration of certain rental
8 vehicles.

9 BY repealing and reenacting, without amendments,
10 Article – Transportation
11 Section 17–103
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2011 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Transportation
16 Section 17–104 and 18–102
17 Annotated Code of Maryland
18 (2009 Replacement Volume and 2011 Supplement)

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

21 **Article – Transportation**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 17-103.

2 (a) (1) Except as provided in paragraph (2) of this subsection, the form of
3 security required under this subtitle is a vehicle liability insurance policy written by
4 an insurer authorized to write these policies in this State.

5 (2) The Administration may accept another form of security in place of
6 a vehicle liability insurance policy if it finds that the other form of security adequately
7 provides the benefits required by subsection (b) of this section.

8 (3) The Administration shall, by regulation, assess each self-insurer
9 an annual sum which may not exceed \$750, and which shall be used for actuarial
10 studies and audits to determine financial solvency.

11 (b) The security required under this subtitle shall provide for at least:

12 (1) The payment of claims for bodily injury or death arising from an
13 accident of up to \$30,000 for any one person and up to \$60,000 for any two or more
14 persons, in addition to interest and costs;

15 (2) The payment of claims for property of others damaged or destroyed
16 in an accident of up to \$15,000, in addition to interest and costs;

17 (3) Unless waived, the benefits described under § 19-505 of the
18 Insurance Article as to basic required primary coverage;

19 (4) The benefits required under § 19-509 of the Insurance Article as to
20 required additional coverage; and

21 (5) For vehicles subject to the provisions of § 25-111.1 of this article,
22 the security requirements adopted under 49 C.F.R., Part 387.

23 17-104.

24 (a) The Administration may not issue or transfer the registration of a motor
25 vehicle unless the owner or prospective owner of the vehicle furnishes evidence
26 satisfactory to the Administration that the required security is in effect.

27 (b) The owner of a motor vehicle that is required to be registered in this
28 State shall maintain the required security for the vehicle during the registration
29 period.

30 (c) The Administration, in consultation with the Maryland Insurance
31 Administration and representatives of the automobile insurance industry, shall adopt
32 regulations that establish procedures to be used by an insurer to provide timely
33 notification to an insured of the penalties that may be imposed in accordance with §

1 17–106 of this subtitle if the insured fails to renew or replace a policy of motor vehicle
2 liability insurance without surrendering the evidences of registration.

3 (d) (1) In this subsection, “replacement vehicle” means a vehicle that is
4 loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to
5 use while a vehicle owned by the individual is not in use because of loss, as “loss” is
6 defined in that individual’s applicable private passenger automobile insurance policy
7 or because of breakdown, repair, service, or damage.

8 (2) Subject to paragraph (3) of this subsection, an owner of a **RENTAL**
9 **VEHICLE OR** replacement vehicle may satisfy the requirement of subsection (a) of this
10 section by maintaining the required security described in § 17–103 of this subtitle that
11 is secondary to any other valid and collectible coverage and that extends coverage in
12 amounts required under § 17–103(b) of this subtitle to the owner’s vehicle while it is
13 used as a **RENTAL VEHICLE OR** replacement vehicle.

14 (3) If an owner of a **RENTAL VEHICLE OR** replacement vehicle
15 provides coverage as provided under paragraph (2) of this subsection, the agreement
16 for the **RENTAL VEHICLE OR** replacement vehicle to be signed by the renter or the
17 individual to whom the vehicle is loaned shall contain a provision on the face of the
18 agreement, in at least 10 point bold type, that informs the individual that the coverage
19 on the vehicle being serviced or repaired **OR ANY COVERAGE MAINTAINED BY THE**
20 **RENTER OF THE VEHICLE** is primary coverage for the **RENTAL VEHICLE OR**
21 replacement vehicle and the coverage maintained by the owner on the **RENTAL**
22 **VEHICLE OR** replacement vehicle is secondary.

23 18–102.

24 (a) (1) The Administration may not register any motor vehicle, trailer, or
25 semitrailer to be rented until the owner of the vehicle certifies to the satisfaction of the
26 Administration that the owner has security for the vehicle in the same form and
27 providing for the same minimum benefits as the security required by Title 17 of this
28 article for motor vehicles.

29 (2) (i) In this paragraph, “replacement vehicle” means a vehicle
30 that is loaned by an auto repair facility or a dealer, or that an individual rents
31 temporarily, to use while a vehicle owned by the individual is not in use because of
32 loss, as “loss” is defined in that individual’s applicable private passenger automobile
33 insurance policy, or because of breakdown, repair, service, or damage.

34 (ii) Subject to subparagraph (iii) of this paragraph, an owner of
35 a **RENTAL VEHICLE OR** replacement vehicle may satisfy the requirement of
36 paragraph (1) of this subsection by maintaining the required security described in §
37 17–103 of this article that is secondary to any other valid and collectible coverage and
38 that extends coverage to the owner’s vehicle in amounts required under § 17–103(b) of
39 this article while it is used as a **RENTAL VEHICLE OR** replacement vehicle.

1 (iii) If an owner of a **RENTAL VEHICLE OR** replacement vehicle
2 provides coverage as provided under subparagraph (ii) of this paragraph, the
3 agreement for the **RENTAL VEHICLE OR** replacement vehicle to be signed by the
4 renter or the individual to whom the vehicle is loaned shall contain a provision on the
5 face of the agreement, in at least 10 point bold type, that informs the individual that
6 the coverage on the vehicle being serviced or repaired **OR ANY COVERAGE**
7 **MAINTAINED BY THE RENTER OF THE VEHICLE** is primary coverage for the
8 **RENTAL VEHICLE OR** replacement vehicle and the coverage maintained by the owner
9 on the **RENTAL VEHICLE OR** replacement vehicle is secondary.

10 (b) Notwithstanding any provision of the rental agreement to the contrary,
11 the security required under this section shall cover the owner of the vehicle and each
12 person driving or using the vehicle with the permission of the owner or lessee.

13 (c) If the Administration finds that the vehicle owner has failed or is unable
14 to maintain the required security, the Administration shall suspend the registration of
15 the vehicle.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.