

HOUSE BILL 1089

R7, C4

3lr1428
CF SB 919

By: **Delegate Braveboy**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2013

CHAPTER _____

1 AN ACT concerning

2 **Vehicle Laws – Rental ~~Vehicle Companies~~ Vehicles – ~~Right of Subrogation~~**
3 **Required Security**

4 FOR the purpose of establishing that the owner of a rental vehicle company has a
5 certain right of subrogation against certain persons, including a person who
6 rents a motor vehicle, for certain property damage, personal injury, and
7 wrongful death claims paid by the rental vehicle company that arose out of the
8 use or operation of the motor vehicle may satisfy a certain insurance
9 requirement by maintaining a certain security that is secondary to any other
10 valid and collectible coverage; requiring the owner of a rental vehicle to provide
11 a certain notice to the renter of the rental vehicle; making stylistic changes; and
12 generally relating to proof of insurance for the registration of certain rental
13 vehicle companies and rights of subrogation vehicles.

14 BY repealing and reenacting, without amendments,
15 Article – Transportation
16 Section ~~18-108(a)~~ 17-103
17 Annotated Code of Maryland
18 (2012 Replacement Volume)

19 BY ~~adding to~~ repealing and reenacting, with amendments,
20 Article – Transportation
21 Section ~~18-108(f)~~ 17-104 and 18-102
22 Annotated Code of Maryland
23 (2012 Replacement Volume)

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

3 **Article – Transportation**

4 ~~18-108.~~

5 ~~(a) In this section, “rental vehicle company” means a person that rents a~~
6 ~~motor vehicle to a consumer.~~

7 ~~(F) A RENTAL VEHICLE COMPANY HAS A RIGHT OF SUBROGATION~~
8 ~~AGAINST A RENTER OF A MOTOR VEHICLE AND THE RENTER’S INSURER AND~~
9 ~~AGAINST THE DRIVER OF THE MOTOR VEHICLE, IF NOT THE RENTER, AND THE~~
10 ~~DRIVER’S INSURER, FOR PROPERTY DAMAGE, PERSONAL INJURY, AND~~
11 ~~WRONGFUL DEATH CLAIMS PAID BY THE RENTAL VEHICLE COMPANY THAT~~
12 ~~AROSE OUT OF THE USE OR OPERATION OF THE MOTOR VEHICLE BY THE~~
13 ~~RENTER OR DRIVER.~~

14 17-103.

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

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

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

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

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

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

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

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

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

5 17–104.

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

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

12 (c) Each insurer or other provider of required security shall:

13 (1) Except as provided in item (2) of this subsection, immediately
14 notify the Administration electronically of new motor vehicle insurance policies issued
15 for insured vehicles registered in the State; and

16 (2) For each fleet policy, electronically notify the Administration every
17 30 days of any additions, deletions, or modifications to the fleet policy, including those
18 policy numbers affected.

19 (d) The Administration, in consultation with the Maryland Insurance
20 Administration and representatives of the automobile insurance industry, shall adopt
21 regulations that establish procedures to be used by an insurer to provide timely
22 notification to an insured of the penalties that may be imposed in accordance with §
23 17–106 of this subtitle if the insured fails to renew or replace a policy of motor vehicle
24 liability insurance without surrendering the evidences of registration.

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

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

1 (3) If an owner of a RENTAL VEHICLE OR replacement vehicle
2 provides coverage as provided under paragraph (2) of this subsection, the agreement
3 for the RENTAL VEHICLE OR replacement vehicle to be signed by the renter or the
4 individual to whom the vehicle is loaned shall contain a provision on the face of the
5 agreement, in at least [10 point] 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 RENTAL VEHICLE is primary coverage for
8 the RENTAL VEHICLE OR replacement vehicle and the coverage maintained by the
9 owner on the RENTAL VEHICLE OR replacement vehicle is secondary.

10 18-102.

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

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

21 (ii) Subject to subparagraph (iii) of this paragraph, an owner of
22 a RENTAL VEHICLE OR replacement vehicle may satisfy the requirement of
23 paragraph (1) of this subsection by maintaining the required security described in §
24 17-103 of this article that is secondary to any other valid and collectible coverage and
25 that extends coverage to the owner’s vehicle in amounts required under § 17-103(b) of
26 this article while it is used as a RENTAL VEHICLE OR replacement vehicle.

27 (iii) If an owner of a RENTAL VEHICLE OR replacement vehicle
28 provides coverage as provided under subparagraph (ii) of this paragraph, the
29 agreement for the RENTAL VEHICLE OR replacement vehicle to be signed by the
30 renter or the individual to whom the vehicle is loaned shall contain a provision on the
31 face of the agreement, in at least [10 point] 10-POINT bold type, that informs the
32 individual that the coverage on the vehicle being serviced or repaired OR ANY
33 COVERAGE MAINTAINED BY THE RENTER OF THE RENTAL VEHICLE is primary
34 coverage for the RENTAL VEHICLE OR replacement vehicle and the coverage
35 maintained by the owner on the RENTAL VEHICLE OR replacement vehicle is
36 secondary.

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

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2013.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.