

**Department of Legislative Services**  
Maryland General Assembly  
2015 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 732  
Economic Matters

(Delegate Vaughn)

Finance

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**Insurance - Motor Vehicle Rental Companies - Limited Lines License to Sell  
Insurance**

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This bill permits an authorized representative of a motor vehicle rental company to perform the same functions, including selling insurance, if they follow the same requirements, including training, as the company's other employees that sell, offer, or provide limited lines insurance for rental vehicles and makes conforming changes. The bill also specifies the way in which employees and authorized representatives may be compensated for insurance sales.

The bill also requires the motor vehicle rental company to maintain a register of employees and authorized representatives who offer and sell motor vehicle limited lines insurance. The register is subject to inspection by the Maryland Insurance Commissioner. Finally, the bill requires an employee or authorized representative to disclose to a renter that its policy may duplicate coverage the renter already has under the renter's other policies of insurance.

The bill takes effect July 1, 2015.

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** The bill defines “authorized representative” to mean an independent contractor of a motor vehicle rental company. An employee or authorized representative of a motor vehicle rental company who offers or sells insurance coverage on behalf of the company may be compensated for offering or selling the insurance, but may not be compensated in a manner *solely* based on the number of customers who purchase rental vehicle insurance. The bill may not be construed to prohibit payment to employees or authorized representatives for activities that are incidental to the employee’s overall activities.

The Insurance Commissioner may adopt regulations concerning training requirements for authorized representatives and qualifications for trainers.

**Current Law:** Except as otherwise specified, an insurance producer may not sell, solicit, or negotiate any insurance without a license in the kind of insurance for which the person intends to act as an insurance producer. The Maryland Insurance Administration issues limited lines licenses for certain restricted kinds of insurance, including automobile, credit products, health maintenance organizations, motor vehicle rental cars, travel insurance, and portable electronics.

A motor vehicle rental company must have a limited lines license before it may sell rental motor vehicle insurance. The limited lines license authorizes the company and its trained employees to offer or sell insurance in connection with, and incidental to, the rental of a motor vehicle for a rental that does not exceed 30 days if (1) the policies have been filed with and approved by the Insurance Commissioner; (2) the motor vehicle rental company holds an appointment with each authorized insurer that the motor vehicle rental company intends to represent; (3) prior to completion of the rental transaction, the company provides specified information to the renter; and (4) the company provides an Insurance Commissioner-approved training program for employees who sell, solicit, or negotiate insurance coverage. The Insurance Commissioner may suspend, revoke, or refuse to renew the limited lines license under specified circumstances, including failure to train its employees; penalties may also be imposed.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 770 (Senator Astle) - Finance.

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

**Fiscal Note History:** First Reader - February 25, 2015  
md/ljm Revised - House Third Reader - March 23, 2015

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