

SENATE BILL 751

R7, C4
SB 662/14 – FIN

6lr2133
CF 6lr2606

By: **Senators Klausmeier, Astle, Benson, Feldman, Hershey, Mathias, and Pugh**
Introduced and read first time: February 5, 2016
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Rental Vehicle Companies – Right of Subrogation**

3 FOR the purpose of establishing that a rental vehicle company or its designee has a certain
4 right of subrogation against certain persons, including a person who rents a motor
5 vehicle, for certain property damage, personal injury, and wrongful death claims
6 paid by the rental vehicle company or the designee that arose out of the use or
7 operation of the motor vehicle; requiring a rental vehicle company that receives a
8 third-party claim to provide a certain notice of the claim; authorizing an insurer to
9 assume the handling of a certain claim; requiring a rental vehicle company to handle
10 a claim until a certain insurer assumes the handling of the claim; prohibiting a rental
11 vehicle company from seeking certain recovery or reimbursement in certain
12 circumstances; establishing that this Act applies only to certain claims; and
13 generally relating to rental vehicle companies and rights of subrogation.

14 BY repealing and reenacting, without amendments,
15 Article – Transportation
16 Section 18–108(a)
17 Annotated Code of Maryland
18 (2012 Replacement Volume and 2015 Supplement)

19 BY adding to
20 Article – Transportation
21 Section 18–108(f)
22 Annotated Code of Maryland
23 (2012 Replacement Volume and 2015 Supplement)

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

26 **Article – Transportation**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 18-108.

2 (a) In this section, "rental vehicle company" means a person that rents a motor
3 vehicle to a consumer.

4 (F) (1) THIS SUBSECTION APPLIES ONLY TO:

5 (I) RENTAL VEHICLE TRANSACTIONS ORIGINATING IN THE
6 STATE; AND

7 (II) CLAIMS AND OBLIGATIONS OF A RENTAL VEHICLE
8 COMPANY ARISING OUT OF THE SECURITY REQUIREMENTS PROVIDED IN §
9 17-103(B)(1) AND (2) OF THIS ARTICLE.

10 (2) EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, A
11 RENTAL VEHICLE COMPANY OR A RENTAL VEHICLE COMPANY'S DESIGNEE HAS A
12 RIGHT OF SUBROGATION AGAINST A RENTER OF A MOTOR VEHICLE AND THE
13 RENTER'S INSURER AND AGAINST THE DRIVER OF THE MOTOR VEHICLE, IF NOT THE
14 RENTER, AND THE DRIVER'S INSURER FOR PROPERTY DAMAGE, PERSONAL INJURY,
15 AND WRONGFUL DEATH CLAIMS PAID BY THE RENTAL VEHICLE COMPANY OR THE
16 DESIGNEE THAT AROSE OUT OF THE USE OR OPERATION OF THE MOTOR VEHICLE BY
17 THE RENTER OR DRIVER.

18 (3) (I) IF A RENTAL VEHICLE COMPANY RECEIVES A THIRD-PARTY
19 CLAIM, THE RENTAL VEHICLE COMPANY SHALL PROMPTLY NOTIFY THE INSURER OF
20 THE RENTER OR THE INSURER OF THE DRIVER, IF NOT THE RENTER, OF THE CLAIM.

21 (II) ON RECEIVING NOTICE IN ACCORDANCE WITH THIS
22 PARAGRAPH, AN INSURER MAY ASSUME THE HANDLING OF THE CLAIM ON A
23 PRIMARY BASIS.

24 (III) UNTIL THE INSURER ASSUMES THE HANDLING OF THE
25 CLAIM IN ACCORDANCE WITH THIS PARAGRAPH, THE RENTAL VEHICLE COMPANY
26 SHALL CONTINUE TO HANDLE THE CLAIM.

27 (4) A RENTAL VEHICLE COMPANY MAY NOT SEEK RECOVERY OR
28 REIMBURSEMENT FOR THIRD-PARTY CLAIMS:

29 (I) IN EXCESS OF THE LIMIT OF THE INSURANCE POLICY
30 COVERING THE RENTER OR DRIVER;

31 (II) FROM A RENTER OR DRIVER THAT LACKS VALID AND
32 COLLECTIBLE INSURANCE COVERAGE; OR

1 **(III) FROM A RENTER OR DRIVER THAT IS COVERED UNDER A**
2 **POLICY ISSUED BY THE MARYLAND AUTOMOBILE INSURANCE FUND.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2016.