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Economic Matters Committee
Chair
Property and Casualty Insurance
Subcommittee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Delegate C. T. Wilson
Chairman, House Economic Matters Committee
House Office Building – Room 231
Annapolis, MD 21401

Chairman Wilson and distinguished members of the Economic Matters Committee, it is my pleasure to come before you and offer testimony in favor of **House Bill 1187: Peer-to-Peer Car Sharing Programs - Insurance and Liability**. If enacted, this bill would codify that if the driver of a vehicle engaged on a peer-to-peer platform is at fault then their insurance is sought first. If they have insufficient coverage then the peer-to-peer company would step up.

Peer-to-peer is a service where one person has the use of another person's vehicle, for a period of time, in exchange for payment. This transaction is facilitated by a peer-to-peer operator or platform. The customer and the vehicle provider are connected to the service via a website or an app.

Under current law, if a driver of a vehicle engaged via a peer-to-peer platform gets into an accident it is the insurance of the platform that is sought first, ahead of the driver, who caused the fault. This is out of line with current adjacent industry practice and with national model policy.

The peer-to-peer industry in Maryland has been steadily maturing. In 2017 the Maryland Insurance Administration issued a report, participated in by a broad range of industry and government stakeholders, to update the statute and to keep it in line with industry and consumer practices.

Since 2017, broader issues to do with how the industry is taxed and how and where it can operate in places like BWI have been settled via statute and the procurement process.

Who has primary and who has secondary coverage in the case of an accident was a subject covered by that report in 2017. In response to those recommendations and in line with a national model policy that has been agreed to by the insurance industry, this bill creates a new mechanism calling for a vehicle renter's personal insurance policy to be the primary source of motor vehicle liability insurance for peer-to-peer customers and operators.

The bill extends the existing exception for "temporary replacement" vehicle rentals to include all rentals, including those facilitated through peer-to-peer platforms. In fact, this primary-secondary arrangement already exists in separate statutes governing the traditional rental car industry.

Under this legislation the requirement that a registered vehicle owner must still procure primary liability insurance for all instances other than vehicle rental situations is intact.

This change has been on the cards for a long time, it is carefully designed to allow the industry to more comfortably mature.

Overall, this legislation will make much needed updates to the statutory regulation of the peer-to-peer industry, make the throughline from action to liability mirror neighboring industries all without a direct impact on consumers.

Some technical amendments have been forwarded to the committee for consideration.

I urge a favorable report on **House Bill 1187** Thank you.

Respectfully,

A handwritten signature in black ink, appearing to read "David Fraser-Hidalgo", written in a cursive style.

Delegate David Fraser-Hidalgo