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Maryland SB 771 Testimony
Senate Finance Committee
Wednesday, March 5, 2025

Chair Beidle, Vice Chair Hayes, members of the Maryland Senate Finance Committee, thank you for the opportunity to speak to you today in support of Senate Bill 771. I'd also be remiss if I didn't thank Sen. Giles for her leadership in sponsoring this piece of legislation. My name is John A. Heath, and I am the Sr. Manager of Government Relations and External Affairs for Turo, the world's leader in Peer to Peer Car Sharing and our mission is to put the world's 1.5 billion cars to better use.

We most recently concluded Black History Month where we have an increased focus on the civil rights movement, however, as Dr. King and the movement evolved, you hear a shift from just civil rights to economic or "Silver Rights." Turo seeks to be a leader in the Silver Rights movements by providing a platform for Marylanders to share their cars and earn extra money. Turo provides the lowest barrier micro-business enterprises anyone can create because they already have cars. We are increasingly supporting individuals to grow their micro-businesses particularly in a State like Maryland that has so many residents who are now facing unexpected unemployment due to the decisions made in Washington. Turo has a positive economic impact on the State and local economies because the dollars earned stay local. Additionally, Turo has provided a viable mobility option that many have relied on like nurses did during the Covid crisis.

Maryland has always been at the forefront of embracing and regulating P2P car sharing. The state passed one of the country's first bills establishing a sensible and comprehensive regulatory framework for the P2P car sharing industry in 2018. That bill pre-dated the official adoption of the P2P Car Sharing Program Model Act by the National Council of Insurance Legislators (or, "NCOIL") in 2019 and the amendments that were adopted in 2021.

The NCOIL Model Act was carefully developed through extensive discussions and negotiations among the P2P car sharing industry, the rental car industry, and the insurance industry, including members of the American Property Casualty Insurance Association (or, "APCIA") and the National Association of Mutual Insurance Companies (or, "NAMIC"). To date, 28 states, including Maryland, have P2P car sharing laws that closely follow the NCOIL Model Act.

However, because Maryland's P2P car sharing law was enacted prior to the official adoption of the NCOIL Model Act, it differs in some important ways from the best practices agreed on by the stakeholders involved in the NCOIL Model Act negotiations. The bill before you today, SB 771, would help bring Maryland's trailblazing



P2P car sharing law into better alignment with the NCOIL Model Act and the states that have adopted it, including neighboring Delaware, Pennsylvania, Virginia, and West Virginia.

My colleague, Sean Vinck, will speak to the bill's provisions in detail, however, I want to share a few important ways that SB 771 updates Maryland's P2P car sharing law are as follows:

- It allows the shared vehicle owner, the shared vehicle driver, the P2P car sharing program, or some combination of the three to provide insurance coverage for a shared vehicle during the car sharing period on a primary basis.
 - This protects the rights of insurers to sell various types of insurance policies and the rights of consumers to buy various types of policies and ensures that policies that provide coverage for P2P car sharing will be fully honored under Maryland law.
- Importantly, it requires P2P car sharing programs to maintain backstop coverage and step in and provide full coverage if an owner or driver's policy lapses or is deficient in any way.
- For shared vehicles that may be driven to other states, it ensures that insurance coverage that meets another state's minimum financial responsibility requirements is available in case of an accident in that state.
- It allows drivers to be held responsible for traffic violations and tolls, fees, and charges incurred during the car sharing period, instead of owners and P2P car sharing programs, in the same way traditional rental car companies are not held responsible for the actions of their customers.

Thank you for your continued leadership in providing economic opportunity to Marylanders, and more important, thank you for the opportunity to testify in support of Senate Bill 771.

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Position: FAV

DAWN D. GILE
Legislative District 33
Anne Arundel County

Finance Committee

Chair

Anne Arundel County
Senate Delegation



Miller Senate Office Building
11 Bladen Street, Suite 3 East
Annapolis, Maryland 21401
410-841-3568 · 301-858-3568
800-492-7122 Ext. 3568
Dawn.Gile@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB0771 - Peer-to-Peer Car Sharing Programs - Insurance and Liability

Madame Chair, Mr. Vice Chair, and fellow members of the Senate Finance Committee:

SB0771 would restore parity to the rental and peer-to-peer market by making the insurance of a peer-to-peer vehicle driver the first sought in an at-fault situation, just like a traditional rental car or personal vehicle driver.

Background

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 a mobile application.

Under current law, if a driver of a vehicle engaged via a peer-to-peer platform gets into a crash, it is the insurance of the peer-to-peer operator 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](#), shaped by a broad range of industry and government stakeholders, to update the statute and to keep it in line with industry and consumer practices. Who should have primary and who has secondary coverage in the case of a crash was a subject covered by that report in 2017.

Solution

In response to those recommendations and in line with a national model policy, this bill places the vehicle driver's personal insurance policy as the primary source of motor vehicle liability insurance in the case of a fault by the driver of a peer-to-peer car rental.

This bill does not remove a peer-to-peer operator from liability – it simply aligns the law with almost every other case where a driver is at-fault behind the wheel, in making that driver's insurance the payer of *first* resort. If a driver is without insurance, or improperly insured, a

peer-to-peer master policy would then be sought.

Under this legislation the driver, the car owner, and the peer-to-peer service must all be properly insured, just like a traditional rental car or a personal vehicle. If the car owner or driver is found to be improperly insured, the peer-to-peer operator would still be liable.

This technical change, sought in previous sessions, will allow the industry to more comfortably mature in parity with market partners. Language requested by the insurance industry and the regulating agencies was added to the bill ahead of introduction.

For these reasons, I respectfully request a favorable report on SB0771.