

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 SB 395 - Peer-to-Peer Car Sharing Programs – Insurance and Liability**

Madam Chair, Mr. Vice Chair, and Members of the Senate Finance Committee:

SB 395 makes a targeted, technical update to Maryland law governing peer-to-peer car sharing programs in order to restore parity with the traditional car rental market and existing insurance practice. This legislation passed the Senate Finance Committee and the full Senate unanimously last year as SB 771. SB 395 is a reintroduction of that measure, with technical language refined in response to input from the insurance industry and regulatory agencies.

Peer-to-peer car sharing allows an individual to rent another person's vehicle for a period of time in exchange for payment, using a digital platform that connects vehicle owners and drivers. In many respects, this model operates similarly to traditional car rentals and personal vehicle use.

Under current Maryland law, when a driver operating a vehicle rented through a peer-to-peer platform is at fault in a crash, the insurance policy of the peer-to-peer platform is sought first—before the driver's own personal auto insurance. This treatment is inconsistent with how liability is assigned in nearly every other comparable circumstance, including traditional rental cars and personal vehicle use.

SB 395 corrects that inconsistency.

**Background**

Maryland first regulated peer-to-peer car sharing programs in 2018, following a report issued by the Maryland Insurance Administration in 2017 that was informed by a broad range of industry and government stakeholders. The goal at that time was to ensure that this emerging market operated safely and consistently with consumer and insurance practices.

Since then, the peer-to-peer market has matured, and related issues—such as taxation and operations at facilities like BWI—have been resolved. In the years following enactment, the traditional car rental industry sought and received the same insurance treatment that SB 395 now extends to peer-to-peer platforms.

As a result, peer-to-peer programs are currently treated differently than similarly situated rental transactions, despite presenting the same risk profile when a driver is at fault.

## **Existing Law**

Under current law, when a shared vehicle driver causes a crash during a peer-to-peer rental, the insurance maintained by the peer-to-peer platform is the primary source of coverage, even though the driver is operating the vehicle.

This differs from traditional rental cars and personal vehicle use, where the driver's own personal auto insurance is the first source of coverage when the driver is at fault.

## **What SB 395 Does**

SB 395 restores parity by clarifying that when a shared vehicle driver is at fault while operating a vehicle rented through a peer-to-peer platform, the driver's personal motor vehicle liability insurance policy is the primary source of coverage.

The bill:

- Aligns peer-to-peer car sharing with the traditional rental car market and national model policy;
- Does not remove peer-to-peer platforms from liability;
- Ensures that the driver, vehicle owner, and peer-to-peer program must all remain properly insured; and
- Provides that if a driver is uninsured or improperly insured, the peer-to-peer program's insurance remains available.

At no point under this bill would a driver be uninsured or a peer-to-peer program be relieved of responsibility.

## **Legislative History**

This legislation passed the Senate Finance Committee and the full Senate unanimously last year as SB 771. SB 395 is a reintroduction of that measure, with technical language refined in response to input from the insurance industry and regulatory agencies.

### **Fiscal Impact**

SB 395 has no fiscal impact. It does not create new programs, impose new costs, or alter consumer coverage requirements.

### **Closing**

SB 395 is a technical, consensus-based update that restores parity between peer-to-peer car sharing programs and traditional car rental transactions. It reflects long-standing recommendations from regulators and aligns Maryland law with established insurance practice.

For these reasons, I respectfully request a favorable report on SB 395.