

# SENATE BILL 662

R7, C4

4r1841  
CF 4r1864

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By: **Senators Pugh, Astle, Brinkley, Feldman, Kittleman, and Klausmeier**

Introduced and read first time: January 31, 2014

Assigned to: Finance

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

15 BY repealing and reenacting, without amendments,  
16 Article – Transportation  
17 Section 18–108(a)  
18 Annotated Code of Maryland  
19 (2012 Replacement Volume and 2013 Supplement)

20 BY adding to  
21 Article – Transportation  
22 Section 18–108(f)  
23 Annotated Code of Maryland  
24 (2012 Replacement Volume and 2013 Supplement)

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

27 **Article – Transportation**

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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  
3 motor vehicle to a consumer.

4 (F) (1) THIS SUBSECTION APPLIES ONLY TO CLAIMS AND  
5 OBLIGATIONS OF A RENTAL VEHICLE COMPANY ARISING OUT OF THE SECURITY  
6 REQUIREMENTS PROVIDED IN § 17-103(B)(1) AND (2) OF THIS ARTICLE AND §  
7 18-102(A)(1) OF THIS SUBTITLE.

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

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

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

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

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

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

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

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 October 1, 2014.