

SENATE BILL 453

C4

8lr2514

By: **Senator Middleton**

Introduced and read first time: January 26, 2018

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Article – References to Vehicles and Automobiles – Consistency**

3 FOR the purpose of altering certain references to vehicles and certain automobiles in
4 certain provisions of the Insurance Article for the purpose of consistency; and
5 generally relating to references to vehicles and automobiles in the Insurance Article.

6 BY repealing and reenacting, with amendments,

7 Article – Insurance

8 Section 10–128(a)(3)(ii), 10–602(a), (b), (d), and (g), 10–603(b), 10–604, 10–606(a) and
9 (c), 10–701(f)(2)(iii), 10–702(3), 25–401(d)(2)(i), 27–609(c)(2) and (3), and
10 27–906

11 Annotated Code of Maryland

12 (2017 Replacement Volume)

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

15 **Article – Insurance**

16 10–128.

17 (a) This section does not apply to:

18 (3) insurance of:

19 (ii) a **MOTOR** vehicle principally garaged and used outside the State;

20 or

21 10–602.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) A motor vehicle rental company shall hold a limited lines license to sell
2 insurance in connection with, and incidental to, the rental of a [motor] vehicle before the
3 company or its employees or authorized representatives may sell or offer any policies of
4 insurance in this State to a renter in connection with, and incidental to, a rental agreement.

5 (b) A limited lines license to sell insurance in connection with, and incidental to,
6 the rental of a [motor] vehicle issued under this subtitle shall also authorize any employee
7 and any authorized representative of the motor vehicle rental company who is trained,
8 under § 10-604(a)(4) of this subtitle, to act on behalf of, and under the supervision of, a
9 motor vehicle rental company, with respect to the kinds of insurance specified in §
10 10-604(b)(2) of this subtitle.

11 (d) A motor vehicle rental company holding a limited lines license to sell
12 insurance in connection with, and incidental to, the rental of a [motor] vehicle issued under
13 this subtitle is not required to treat premiums collected from a renter that purchased
14 insurance from the motor vehicle rental company as funds received in a fiduciary capacity
15 if:

16 (1) the insurer represented by the motor vehicle rental company has
17 consented in a written agreement, signed by an officer of the insurer, that the premiums
18 do not need to be segregated from other funds received by the motor vehicle rental company
19 in connection with the vehicle rental; and

20 (2) the charges for insurance coverage are itemized but not billed to the
21 renter separately from the charges for the vehicle rental.

22 (g) A motor vehicle rental company that holds a limited lines license to sell
23 insurance in connection with, and incidental to, the rental of a [motor] vehicle issued under
24 this subtitle shall:

25 (1) maintain a register, on a form the Commissioner requires, containing:

26 (i) the names of each employee or authorized representative who
27 offers limited lines insurance on behalf of the motor vehicle rental company; and

28 (ii) the business addresses of all locations in the State where
29 employees or authorized representatives offer limited lines insurance on behalf of the motor
30 vehicle rental company; and

31 (2) submit the register for inspection by the Commissioner as the
32 Commissioner requires.

33 10-603.

34 (b) A limited lines license to sell insurance in connection with, and incidental to,
35 the rental of a [motor] vehicle issued under this subtitle is subject to the same term and
36 renewal conditions specified for an insurance producer license under § 10-115 of this title.

1 10-604.

2 (a) A limited lines license to sell insurance in connection with, and incidental to,
3 the rental of a [motor] vehicle issued under this subtitle authorizes the motor vehicle rental
4 company to offer or sell, in connection with, and incidental to, a motor vehicle rental
5 agreement in which the rental period does not exceed 30 days, the insurance products
6 specified in paragraph (b) of this section if:

7 (1) the policies have been filed with and approved by the Commissioner;

8 (2) the motor vehicle rental company holds an appointment with each
9 authorized insurer, under § 10-118 of this title, that the motor vehicle rental company
10 intends to represent;

11 (3) prior to completion of the rental transaction, an employee or authorized
12 representative of the motor vehicle rental company provides to the renter disclosures
13 approved by the Commissioner that:

14 (i) summarize, clearly and correctly, the material terms of coverage,
15 including limitations or exclusions;

16 (ii) identify the authorized insurer or insurers;

17 (iii) specify that the policies offered by the motor vehicle rental
18 company may provide a duplication of coverage already provided by a renter's personal
19 automobile insurance policy, homeowner's insurance policy, personal liability insurance
20 policy, or other source of coverage;

21 (iv) specify that the purchase of the coverages offered by the motor
22 vehicle rental company is not required in order for the renter to rent a vehicle;

23 (v) describe the process by which the renter can file a claim; and

24 (vi) specify that any excess liability coverage purchased by the renter
25 may duplicate coverage required to be provided under § 18-102(a)(2) of the Transportation
26 Article;

27 (4) the motor vehicle rental company provides a training program,
28 approved by the Commissioner, for any employee or authorized representative who sells,
29 solicits, or negotiates insurance coverage under this subtitle that includes:

30 (i) instruction about the kinds of insurance specified in subsection
31 (b) of this section that can be offered to renters;

1 (ii) instruction that the trainee shall inform a renter that the
2 purchase of any insurance from the motor vehicle rental company is not required in order
3 for the renter to rent a vehicle; and

4 (iii) instruction that the trainee shall inform a renter that the renter
5 may have insurance policies that already provide the coverage being offered by the motor
6 vehicle rental company; and

7 (5) an employee or authorized representative who offers or sells insurance
8 coverage on behalf of the motor vehicle rental company informs a renter that the policies
9 offered by the motor vehicle rental company may duplicate coverage already provided by
10 the renter's personal automobile insurance policy, homeowner's insurance policy, personal
11 liability insurance policy, or other source of coverage.

12 (b) A limited lines license to sell insurance in connection with, and incidental to,
13 the rental of a [motor] vehicle issued under this subtitle authorizes the motor vehicle rental
14 company to offer or sell insurance policies under this subtitle that are:

15 (1) in excess of or optional to the coverages required to be provided by the
16 motor vehicle rental company under Title 17 of the Transportation Article and any related
17 regulations; and

18 (2) one of the following kinds of insurance:

19 (i) bodily injury liability;

20 (ii) property damage liability;

21 (iii) uninsured motorist insurance; or

22 (iv) if approved by the Commissioner, any other insurance coverage
23 that is appropriate in connection with the rental of a [motor] vehicle.

24 10-606.

25 (a) The Commissioner may suspend, revoke, or refuse to renew a limited lines
26 license to sell insurance in connection with, and incidental to, the rental of a [motor] vehicle
27 issued under this subtitle after notice and opportunity for a hearing under Title 2, Subtitle
28 2 of this article if the motor vehicle rental company or an employee or authorized
29 representative of the motor vehicle rental company has:

30 (1) willfully violated this article or another law of the State that relates to
31 insurance;

32 (2) operated without a limited lines license to sell insurance in connection
33 with, and incidental to, the rental of a motor vehicle as required under this subtitle;

1 (3) failed to provide required disclosures;

2 (4) offered or sold unapproved insurance products;

3 (5) failed to hold an appointment with the insurer;

4 (6) failed to train employees and authorized representatives selling or
5 soliciting, or negotiating the sale of, insurance products on behalf of the motor vehicle rental
6 company; or

7 (7) misrepresented pertinent facts or policy provisions that relate to the
8 coverage offered or sold pursuant to this subtitle.

9 (c) Instead of, or in addition to, suspending or revoking the limited lines license
10 to sell insurance in connection with, and incidental to, the rental of a [motor] vehicle, the
11 Commissioner may:

12 (1) impose on the motor vehicle rental company a penalty of not less than
13 \$100 but not more than \$2,500 for each violation of this subtitle; and

14 (2) require that restitution be made to any person who has suffered
15 financial injury because of the violation of this article.

16 10-701.

17 (f) (2) "Portable electronics insurance" does not include:

18 (iii) a homeowner's, renter's, [private passenger automobile] **MOTOR**
19 **VEHICLE**, or similar policy that covers loss or theft of portable electronics.

20 10-702.

21 This subtitle does not apply to:

22 (3) a homeowner's, renter's, [private passenger automobile] **MOTOR**
23 **VEHICLE**, or similar policy that covers loss or theft of portable electronics.

24 25-401.

25 (d) (2) "Essential property insurance" does not include:

26 (i) [automobile] **MOTOR VEHICLE** insurance;

27 27-609.

1 (c) A policy described in subsection (a) or (b) of this section may be endorsed to
2 exclude specifically all coverage for any of the following when the named excluded driver is
3 operating a motor vehicle covered under the policy whether or not that operation or use
4 was with the express or implied permission of an individual insured under the policy:

5 (2) the **MOTOR** vehicle owner;

6 (3) family members residing in the household of the excluded operator or
7 user or **MOTOR** vehicle owner; and

8 27-906.

9 An insurer that issues or delivers in the State a policy of motor vehicle liability
10 insurance that provides coverage for the repair of physical damage to the **MOTOR** vehicle
11 shall provide, on request of the insured, a copy of the warranty for aftermarket crash parts,
12 if available.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2018.