

SENATE BILL 835

C4

2lr1939
CF 2lr2583

By: **Senator Beidle**

Introduced and read first time: February 7, 2022

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance – Comprehensive Coverage and Collision Damage**
3 **Waiver**

4 FOR the purpose of requiring that the lessor of certain vehicles under a rental agreement
5 or a loaner agreement containing a collision damage waiver provide the waiver in a
6 specified form; requiring motor vehicle insurance policies that include collision or
7 comprehensive coverage to include coverage for certain Class E vehicles, vehicles
8 used as replacement vehicles, and vehicles rented under a peer-to-peer car sharing
9 agreement; and generally relating to motor vehicle insurance and rental and
10 replacement vehicles.

11 BY repealing and reenacting, with amendments,
12 Article – Commercial Law
13 Section 14–2101
14 Annotated Code of Maryland
15 (2013 Replacement Volume and 2021 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Insurance
18 Section 19–512
19 Annotated Code of Maryland
20 (2017 Replacement Volume and 2021 Supplement)

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

23 **Article – Commercial Law**

24 14–2101.

25 (a) (1) In this section the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) “Car sharing period” has the meaning stated in § 19–520 of the
2 Insurance Article.

3 (3) “Collision damage waiver” means:

4 (i) With respect to a rental **AGREEMENT OR LOANER** agreement,
5 any contract, whether separate from or part of a rental **AGREEMENT OR LOANER**
6 agreement, in which the lessor agrees, for a charge, to waive all or part of any claims
7 against the lessee for damages to the rental motor vehicle during the term of the rental
8 agreement; and

9 (ii) With respect to a peer-to-peer car sharing program agreement,
10 a provision in the peer-to-peer car sharing program agreement in which it is agreed, for a
11 charge, that all or part of any claims against a shared vehicle driver for damages to a shared
12 motor vehicle during a car sharing period are waived.

13 (4) “Lessee” means any person obtaining the use of a rental motor vehicle
14 from a lessor under the terms of a rental agreement **OR LOANER AGREEMENT**.

15 (5) “Lessor” means any person in the business of providing rental motor
16 vehicles to the public **OR LOANER VEHICLES TO CUSTOMERS**.

17 **(6) “LOANER AGREEMENT” MEANS A WRITTEN AGREEMENT SETTING**
18 **FORTH THE TERMS AND CONDITIONS GOVERNING THE USE OF A LOANER VEHICLE**
19 **BY A LESSEE FOR A PERIOD OF LESS THAN 180 DAYS.**

20 **(7) “LOANER VEHICLE” MEANS A PASSENGER CAR LOANED TO A**
21 **CUSTOMER OF A LESSOR UNDER A LOANER AGREEMENT.**

22 **[(6)] (8)** “Passenger car” means any motor vehicle that is:

23 (i) A Class A (passenger) vehicle under § 13–912 of the
24 Transportation Article;

25 (ii) A Class M (multipurpose) vehicle under § 13–937 of the
26 Transportation Article if the vehicle is used primarily for transporting passengers; or

27 (iii) A Class E (truck) vehicle that is used primarily for personal,
28 household, family, or agricultural purposes and that, under § 13–917 of the Transportation
29 Article, does not exceed a three-quarter ton capacity or 7,000 pounds gross vehicle weight.

30 **[(7)] (9)** “Peer-to-peer car sharing program agreement” has the meaning
31 stated in § 19–520 of the Insurance Article.

1 [(8)] (10) “Rental agreement” means a written agreement setting forth the
2 terms and conditions governing the use of a rental motor vehicle by a lessee for a period of
3 less than 180 days.

4 [(9)] (11) “Rental motor vehicle” means a passenger car which, on
5 execution of a rental agreement, is made available to a lessee for the lessee’s use.

6 (12) “REPLACEMENT VEHICLE” HAS THE MEANING STATED IN §
7 18–102(A)(2)(I) OR § 18.5–102(A)(2)(I) OF THE TRANSPORTATION ARTICLE.

8 [(10)] (13) “Shared motor vehicle” has the meaning stated in § 19–520 of the
9 Insurance Article.

10 [(11)] (14) “Shared vehicle driver” has the meaning stated in § 19–520 of the
11 Insurance Article.

12 (b) The Division shall develop a form for collision damage waivers for lessors and
13 for peer-to-peer car sharing programs, and shall make it available to all lessors and
14 peer-to-peer car sharing programs in the State.

15 (c) The form shall meet the requirements specified in subsection (e) of this
16 section.

17 (d) (1) A lessor may not deliver or issue for delivery in this State a rental motor
18 vehicle agreement **OR LOANER AGREEMENT** containing a collision damage waiver, unless
19 the lessor uses a [separate] collision damage waiver form provided by the Division that
20 meets the requirements specified in subsection (e) of this section.

21 (2) A peer-to-peer car sharing program may not deliver or issue for
22 delivery in the State a peer-to-peer car sharing program agreement containing a collision
23 damage waiver, unless the peer-to-peer car sharing program uses a [separate] collision
24 damage waiver form provided by the Division that meets the requirements specified in
25 subsection (e) of this section.

26 (e) The collision damage waiver form shall contain the following requirements:

27 (1) The collision damage waiver shall be understandable and written in
28 simple and readable plain language;

29 (2) The terms of the collision damage waiver, including, but not limited to,
30 any conditions or exclusions applicable to the collision damage waiver, shall be prominently
31 displayed;

32 (3) All restrictions, conditions, or provisions in, or endorsed on, the collision
33 damage waiver are **PROMINENTLY DISPLAYED IN ANY ELECTRONIC FORMS OR** printed
34 in type at least as large as Brevier or 10 point type;

1 (4) The collision damage waiver shall include a statement of the total
2 charge for the anticipated rental period, **LOANER PERIOD**, or car sharing period or the
3 anticipated total daily charge;

4 (5) The agreement containing the collision damage waiver shall display the
5 following notice **PROMINENTLY ON ANY ELECTRONIC FORMS AND** on the face of [the] **A**
6 **WRITTEN** agreement, **IF ANY**, set apart and in boldface type, and in type at least as large
7 as 10 point type:

8 “Notice:

9 This contract offers, for an additional charge, a collision damage waiver to cover your
10 responsibility for damage to the vehicle. Before deciding whether to purchase the collision
11 damage waiver, you may wish to determine whether your own automobile insurance affords
12 you coverage for damage to the rental vehicle, **LOANER VEHICLE**, or shared motor vehicle
13 and the amount of the deductible under your own insurance coverage. The purchase of this
14 collision damage waiver is not mandatory and may be waived. Maryland law requires that
15 all Maryland residents’ insurance policies with collision coverage **OR COMPREHENSIVE**
16 **COVERAGE** automatically extend that collision coverage **OR COMPREHENSIVE**
17 **COVERAGE** to passenger cars rented, **USED AS REPLACEMENT VEHICLES, OR USED AS**
18 **A SHARED MOTOR VEHICLES** or motor vehicles shared by the insureds named in the policy
19 [for a period of 30 days or less].”; and

20 (6) Any additional information that the Division considers reasonable and
21 necessary to carry out the provisions of this subtitle.

22 (f) A failure by a lessor **OR PEER-TO-PEER CAR SHARING PROGRAM** to comply
23 with subsection (d) of this section is an unfair, **ABUSIVE**, or deceptive trade practice within
24 the meaning of Title 13, Subtitle 3 of this article.

25 Article – Insurance

26 19–512.

27 (a) (1) Each insurer that issues, sells, or delivers a motor vehicle insurance
28 policy in the State shall offer collision coverage for damage to insured motor vehicles subject
29 to deductibles of \$50 to \$250 in \$50 increments.

30 (2) Collision coverage shall provide insurance, without regard to fault,
31 against accidental property damage to the insured motor vehicle caused by physical contact
32 of the insured motor vehicle with another motor vehicle or other object or by upset of the
33 insured motor vehicle, if the motor vehicle accident occurs in a state, Canada, or Mexico.

34 (b) (1) In this subsection, “passenger car” means a motor vehicle that is:

1 (i) a Class A (passenger) vehicle under § 13-912 of the
2 Transportation Article; [or]

3 (ii) a Class M (multipurpose) vehicle under § 13-937 of the
4 Transportation Article used primarily for transporting passengers; **OR**

5 **(III) A CLASS E (TRUCK) VEHICLE THAT IS USED PRIMARILY FOR**
6 **PERSONAL, HOUSEHOLD, FAMILY, OR AGRICULTURAL PURPOSES AND THAT, UNDER**
7 **§ 13-917 OF THE TRANSPORTATION ARTICLE, DOES NOT EXCEED A**
8 **THREE-QUARTER TON CAPACITY OR 7,000 POUNDS GROSS VEHICLE WEIGHT.**

9 **(2) THIS SUBSECTION APPLIES TO A PASSENGER CAR THAT IS**
10 **RENTED, USED, OR LOANED:**

11 **(I) AS A REPLACEMENT VEHICLE AS DEFINED IN §**
12 **18-102(A)(2)(I) OR § 18.5-102(A)(2)(I) OF THE TRANSPORTATION ARTICLE;**

13 **(II) UNDER A RENTAL AGREEMENT; OR**

14 **(III) UNDER A PEER-TO-PEER CAR SHARING PROGRAM**
15 **AGREEMENT AS DEFINED IN § 14-2101 OF THE COMMERCIAL LAW ARTICLE.**

16 **[(2)] (3)** If a private passenger motor vehicle insurance policy issued, sold,
17 or delivered in the State includes[:

18 (i) collision coverage under this section[.] **OR COMPREHENSIVE**
19 **COVERAGE:**

20 **(I)** the motor vehicles insured under that coverage shall include any
21 passenger car [that is rented or used by an insured for a period of 30 days or less under a
22 rental agreement or a peer-to-peer car sharing program agreement as otherwise defined
23 in § 14-2101 of the Commercial Law Article; or] **DESCRIBED IN PARAGRAPH (2) OF THIS**
24 **SUBSECTION; AND**

25 **(ii) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE**
26 **COLLISION COVERAGE OR** comprehensive coverage[, the motor vehicles insured under
27 that coverage] shall [include] **BE APPLICABLE TO** any [replacement vehicle as defined
28 under § 18-102(a)(2)(i) or § 18.5-102(a)(2)(i) of the Transportation Article] **PASSENGER**
29 **CAR DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION IN THE SAME MANNER AND**
30 **AMOUNT THAT THE COVERAGE IS APPLICABLE TO THE INSURED VEHICLES.**

31 **[(3)] (4)** Each insurer that provides a private passenger motor vehicle
32 insurance policy that includes collision coverage shall give the insured a separate notice
33 written in boldface type that the insured does not need a collision damage waiver or any

1 additional collision coverage when **USING**, renting, or peer-to-peer car sharing a passenger
2 car [for a period of 30 days or less] **DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION**
3 during the term of the policy.

4 ~~[(4)]~~ **(5)** An insurer may not deny coverage to an insured for collision
5 damage to a [rental] passenger car **DESCRIBED IN PARAGRAPH (2) OF THIS**
6 **SUBSECTION** because:

7 (i) the motor vehicle accident involved an uninsured motorist; or

8 (ii) the identity of the motor vehicle causing the damage cannot be
9 ascertained.

10 (c) An insurer may offer to provide to the insured coverage for damages incurred
11 by the insured as a result of the loss of use of a rental vehicle or a shared motor vehicle that
12 sustains collision damage while rented by the insured.

13 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
14 October 1, 2022.