AGENDA

AUGUST 30, 2017 / 11:00 am

Dial in number: 866-247-6034

Conference Code: 1573490062

- I. **Opening Remarks**
- II. **Prior meeting's minutes**
- **Primary Insurance Issue** III.
 - Long term rentals
- IV. **Limited Lines License Issue**
- ٧. **Closing Comments**

LARRY HOGAN, JR. Governor

BOYD K. RUTHERFORD Lt. Governor



AL REDMER, JR. Commissioner

NANCY GRODIN Deputy Commissioner

ROBERT BARON Associate Commissioner

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Date:

August 28, 2017

To:

Peer to Peer Personal Auto Rentals Working Group

From:

Robert Baron, Associate Commissioner Property & Casualty

Re:

Supplemental Information in advance of August 30, 2017 Conference Call

This memo will provide additional material for the workgroup's consideration in advance of our conference call scheduled for August 30, 2017. During the initial call on July 26, 2017, two (2) insurance issues of significance were identified:

- 1) What source should provide the primary liability insurance during the rental¹ transaction; and,
- 2) Is there a need for a limited lines license requirement in the Peer to Peer Personal Auto Rental market?

PRIMARY LIABILITY INSURANCE

Under current and long-standing Maryland law, primary liability insurance "follows the car" in most situations. This means that the owner of a vehicle provides the primary liability insurance resource (either via an insurance policy obtained from an authorized insurer or by satisfying the self-insurance requirements of the Maryland Motor Vehicle Administration). A notable exception to this arrangement is when a Maryland consumer rents a "replacement vehicle" because the consumer's insured vehicle is out of service due to a covered loss; or, due to service, break down, repairs or damage. In the case of a "replacement vehicle" the consumer's liability coverage from their personal auto policy will transfer to the "replacement vehicle."

Maryland is apparently one of a small minority of States with the "follow the car" liability insurance mechanism in place. Despite this, attempts over many successive years to change this arrangement have not passed in the Legislature. During the first conference call, it became clear that both Turo and the traditional car rental markets are in agreement on this issue. Both markets believe that Maryland should

¹ During the initial conference call, Ms. Fang ("Turo") made a distinction between "car rental" and "car sharing." It is Turo's stated position that Turo is not a car rental company. That said, we will utilize the term "rental" throughout this memo in lieu of "sharing," not only for convenience, but also because the transactions in question involve a vehicle owner entering into a contract with a third-party that allows the third-party to use the vehicle in exchange for payment of a fee. As such, it seems clear that the transaction involves the "rental" of an automobile.

eliminate the existing "follow the car" mechanism and implement a requirement that the consumer's personal auto policy liability coverage must transfer to a rental vehicle in all situations.²

The Administration will review any proposed legislation around this issue and provide feedback to stakeholders and the legislature.

LIMITED LINES LICENSE REQUIREMENT

Unlike the issue of primary liability insurance, there is no consensus between Turo and the traditional rental markets on this issue. Turo's stated position is that it is not a rental car company and that the vehicle owners listing personal automobiles for rent on the Turo platform should not be regulated in the same manner as the traditional car rental market. The traditional market seeks equal statutory / regulatory treatment for both Turo and traditional rental markets with respect to many issues including the limited lines license requirement.

Current Maryland insurance law requires that a "motor vehicle rental company" must have a limited lines license before the company, its employees or authorized representatives, may sell or offer insurance in connection with or incidental to a "rental agreement." Additionally, Maryland insurance law requires that only a licensed "producer" may sell or offer insurance policies in the State.

In light of the positions of Turo and the traditional rental markets on the limited lines license issue, further discussion at this time does not seem to have a practical point. That said, in keeping with the working group's charge to provide the legislature with information around this market's insurance issues, we are requesting stakeholders to submit written comments in support of their respective positions on this issue. To assist you in these efforts, I have attached a reference chart and copies of relevant provisions of Maryland law.³ Within the chart, I have included the statutory references for the legal definitions of certain terms that are particularly relevant to the limited lines license issue. Our request is that written comments be submitted on or before the close of business on September 29, 2017. Please send your submissions to me via email (Robert.Baron@Maryland.gov).

LIST OF RELEVANT STATUTES

Exhibit #	Citation	Provision Title	Subject Notes
1	TR § 17-103	Form and minimum benefits of security; annual assessment.	Contains mandatory minimum limits requirement (30/60/15); contains "authorized insurer" and "self-insure" options for providing required coverage.
2	TR § 17-104	Evidence of security pre-requisite to registration.	Contains the basic liability insurance "follows the car" mechanism (see § 17-104 (b)). Contains "replacement vehicle" definition and "follows the car" exception (see § 17-104 (e)).
3	Ins. § 1-101	Definitions.	(g) authorized insurer (j) certificate of authority (s) insurance (t) insurance business

² During our upcoming conference call, please be prepared to briefly weigh in on the question of primary liability insurance for long-term vehicle rentals (over 30 days).

³ NOTE: The reference to statutes throughout this memo is not meant to be all encompassing or limiting in any manner.

			(u) insurance producer (dd) person (ee) policy (ff) premium (kk) sell (II) solicit
4	Ins. § 10-103	License required.	Contains requirement to obtain a license from the Administration before acting as an insurance producer (See § 10-103 (c)).
5	Ins. § 10-131	General penalty.	Contains the penalty provision for a person for each violation of § 10-103 (c).
6 - 12	Ins. § 10-601 through § 10- 607	Motor Vehicle Rental Companies.	Contains the definitions and limited lines-licensing-requirements for motor vehicle rental companies.
6	Ins. § 10-601	Definitions.	(c) Motor vehicle rental company (d) rental agreement
7	Ins. § 10-602	Limited lines license to sell rental vehicle insurance – In general.	Contains the requirement for a motor vehicle rental company to hold a limited lines license in order to sell of offer insurance in connection with / incidental to a rental agreement.

Article - Transportation

EXHIBIT 1

§17-103.

- (a) (1) Except as provided in paragraph (2) of this subsection, the form of security required under this subtitle is a vehicle liability insurance policy written by an insurer authorized to write these policies in this State.
- (2) The Administration may accept another form of security in place of a vehicle liability insurance policy if it finds that the other form of security adequately provides the benefits required by subsection (b) of this section.
- (3) The Administration shall, by regulation, assess each self–insurer an annual sum which may not exceed \$750, and which shall be used for actuarial studies and audits to determine financial solvency.
 - (b) The security required under this subtitle shall provide for at least:
- (1) The payment of claims for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons, in addition to interest and costs;
- (2) The payment of claims for property of others damaged or destroyed in an accident of up to \$15,000, in addition to interest and costs;
- (3) Unless waived under § 19–506 of the Insurance Article or rejected under § 19–506.1 of the Insurance Article, the benefits described under § 19–505 of the Insurance Article as to basic required primary coverage;
- (4) The benefits required under § 19–509 or § 19–509.1 of the Insurance Article as to required additional coverage; and
- (5) For vehicles subject to the provisions of § 25–111.1 of this article, the security requirements adopted under 49 C.F.R., Part 387.

Article - Transportation

EXHIBIT 2

§17-104.

- (a) The Administration may not issue or transfer the registration of a motor vehicle unless the owner or prospective owner of the vehicle furnishes evidence satisfactory to the Administration that the required security is in effect.
- (b) The owner of a motor vehicle that is required to be registered in this State shall maintain the required security for the vehicle during the registration period.
 - (c) Each insurer or other provider of required security shall:
- (1) Except as provided in item (2) of this subsection, immediately notify the Administration electronically of new motor vehicle insurance policies issued for insured vehicles registered in the State; and
- (2) For each fleet policy, electronically notify the Administration every 30 days of any additions, deletions, or modifications to the fleet policy, including those policy numbers affected.
- (d) The Administration, in consultation with the Maryland Insurance Administration and representatives of the automobile insurance industry, shall adopt regulations that establish procedures to be used by an insurer to provide timely notification to an insured of the penalties that may be imposed in accordance with § 17–106 of this subtitle if the insured fails to renew or replace a policy of motor vehicle liability insurance without surrendering the evidences of registration.
- (e) (1) In this subsection, "replacement vehicle" means a vehicle that is loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to use while a vehicle owned by the individual is not in use because of loss, as "loss" is defined in that individual's applicable private passenger automobile insurance policy or because of breakdown, repair, service, or damage.
- (2) Subject to paragraph (3) of this subsection, an owner of a replacement vehicle may satisfy the requirement of subsection (a) of this section by maintaining the required security described in § 17–103 of this subtitle that is secondary to any other valid and collectible coverage and that extends coverage in amounts required under § 17–103(b) of this subtitle to the owner's vehicle while it is used as a replacement vehicle.
- (3) If an owner of a replacement vehicle provides coverage as provided under paragraph (2) of this subsection, the agreement for the replacement vehicle to be signed by the renter or the individual to whom the vehicle is loaned shall contain a provision on the face of the agreement, in at least 10 point bold type, that informs the individual that the coverage on the vehicle being serviced or repaired is primary

coverage for the replacement vehicle and the coverage maintained by the owner on the replacement vehicle is secondary.

Article - Insurance



§1-101.

- (a) In this article the following words have the meanings indicated.
- (b) "Administration" means the Maryland Insurance Administration.
- (b-1) "Affordable Care Act" means the federal Patient Protection and Affordable Care Act, as amended by the federal Health Care and Education Reconciliation Act of 2010, and any regulations adopted or guidance issued under the Acts.
- (c) "Alien insurer" means an insurer that is formed under the laws of a jurisdiction other than the United States or a state.
- (d) (1) "Annuity" means an agreement to make periodic payments for which the making or continuance of all or some of a series of the payments, or the amount of a payment, depends on the continuance of a human life.
 - (2) "Annuity" includes:
- (i) an additional benefit that operates to safeguard the contract from lapse or to provide a special surrender value, special benefit, or annuity in the event of the total and permanent disability of the holder; and
- (ii) benefits that provide payment or reimbursement for long-term home health care or long-term care in a nursing home or other related institution.
 - (3) "Annuity" does not include life insurance.
 - (e) "Annuity contract" means a contract that provides for an annuity.
- (f) "Appointment" means an agreement between an insurance producer and insurer under which the insurance producer, for compensation, may sell, solicit, or negotiate policies issued by the insurer.
 - (g) "Authorized insurer" means an insurer that holds a valid certificate of authority.
- (h) "Burial insurance" includes any kind of agreement, certificate, policy, contract, bond, assurance guarantee, or other arrangement, by bylaw, regulation, or otherwise, in or by which the party that issues the certificate, policy, contract, bond, assurance guarantee, or other arrangement agrees to:
 - (1) provide for the burial of a named or designated deceased individual;

- (2) save harmless anyone for all or part of the costs of the burial of a named or designated deceased individual; or
- (3) pay all or part of the incidents of the burial of a named or designated deceased individual.
 - (i) (1) "Casualty insurance" means:
- (i) Insurance against legal, contractual, or assumed liability for death, injury, or disability of a human being, or for damage to property;
- (ii) if issued as an incidental coverage with or supplemental to liability insurance and regardless of legal liability of the insured, insurance that provides medical, hospital, or surgical disability benefits to injured individuals and funeral and death benefits to dependents, beneficiaries, or personal representatives of individuals killed; or
- (iii) unless disapproved by the Commissioner as contrary to law or public policy, insurance against any other kind of loss, damage, or liability that is properly a subject of insurance and not within any other kind of insurance described in this subsection.
- (2) "Casualty insurance" includes motor vehicle physical damage insurance, burglary and theft insurance, glass insurance, workers' compensation insurance, employer's liability insurance, and boiler and machinery insurance.
- (j) "Certificate of authority" means a certificate issued by the Commissioner to engage in the insurance business.
 - (k) "Commissioner" means the Maryland Insurance Commissioner.
 - (I) "County" means a county of the State or Baltimore City.
- (m) "Domestic insurer" means an insurer that is formed under the laws of the State.
- (m-1) (1) "First-class mail tracking method" means a mail tracking method that provides evidence of the date that a piece of first-class mail was accepted for mailing by the United States Postal Service.
 - (2) "First-class mail tracking method" includes:
 - (i) a certificate of mail; and
- (ii) an electronic mail tracking system used by the United States Postal Service.
- (3) "First-class mail tracking method" does not include a certificate of bulk mailing.
- (n) (1) "Foreign insurer" means an insurer that is formed under the laws of a jurisdiction other than this State.

- (2) Unless the context requires otherwise, "foreign insurer" includes an alien insurer.
- (o) "Fund producer" means a licensed insurance producer, including a licensed independent insurance producer, that has been assigned an authorization code by the Maryland Automobile Insurance Fund.
 - (p) (1) "Health insurance" means insurance of human beings against:
- (i) bodily injury, disablement, or death by accident or accidental means, or the expenses of bodily injury, disablement, or death by accident or accidental means:
 - (ii) disablement or expenses resulting from sickness or childbirth; and
 - (iii) expenses incurred in prevention of sickness or dental care.
 - (2) "Health insurance" includes:
 - (i) accident insurance;
 - (ii) disability insurance; and
 - (iii) each insurance appertaining to health insurance.
 - (3) "Health insurance" does not include workers' compensation insurance.
 - (q) "Independent insurance producer" means an insurance producer:
 - (1) that is not owned or controlled by an insurer or group of insurers;
- (2) the appointment of which does not prohibit the representation of more than one insurer or group of insurers; and
 - (3) the appointment of which provides that:
- (i) at termination, the records of the insurance producer remain the property of the insurance producer; and
- (ii) the insurance producer retains the use and control of all expirations incurred during the period when the appointment was in effect.
- (r) "Industrial life insurance" means life insurance provided by an individual policy with the term "industrial" printed on the policy as part of the brief description required by § 16–213 of this article, and under which premiums are payable monthly or more frequently, if the face amount of the insurance provided by the policy does not exceed \$1,000.

- (s) Except as expressly provided otherwise in this article, "insurance" means a contract to indemnify or to pay or provide a specified or determinable amount or benefit on the occurrence of a determinable contingency.
 - (t) (1) "Insurance business" includes the transaction of:
- (i) all matters pertaining to an insurance contract, either before or after it takes effect; and
 - (ii) all matters arising from an insurance contract or a claim under it.
- (2) "Insurance business" does not include pooling by public entities for self-insurance of casualty, property, or health risks.
- (u) (1) "Insurance producer" means a person that, for compensation, sells, solicits, or negotiates insurance contracts, including contracts for nonprofit health service plans, dental plan organizations, and health maintenance organizations, or the renewal or continuance of these insurance contracts for:
 - (i) persons issuing the insurance contracts; or
 - (ii) insureds or prospective insureds other than the insurance producer.
 - (2) "Insurance producer" does not include:
- (i) an individual who performs clerical or similar office duties while employed by an insurance producer or insurer, including a clerical employee, other than a clerical employee of an insurer, who takes insurance information or receives premiums in the insurance producer's office, if the employee's compensation does not vary with the number of applications or amount of premiums;
- (ii) a regular salaried officer or employee of an insurer who gives help to or for a licensed insurance producer, if the officer or employee is not paid a commission or other compensation that depends directly on the amount of business obtained; or
- (iii) if not paid a commission, a person that obtains and forwards information for:
 - 1. group insurance coverage;
 - 2. enrolling individuals under group insurance coverage;
 - 3. Issuing certificates under group insurance coverage; or
 - 4. otherwise assisting in administering group plans.
- (v) "Insurer" includes each person engaged as indemnitor, surety, or contractor in the business of entering into insurance contracts.
 - (w) "Licensed insurance producer" means an insurance producer that has:

- (1) obtained a license under Title 10, Subtitle 1 of this article; and
- (2) in the case of an insurance producer that acts on behalf of an insurer other than the Maryland Automobile Insurance Fund, obtained an appointment under Title 10, Subtitle 1 of this article.
- (x) (1) "Life insurance" means insurance for which the probabilities of the duration of human life or the rate of mortality are an element or condition of the insurance.
 - (2) "Life insurance" includes the granting of:
 - (i) endowment benefits;
- (ii) additional benefits in the event of death by accident or accidental means;
- (iii) additional disability benefits in the event of dismemberment or loss of sight;
- (iv) additional disability benefits that operate to safeguard the contract from lapse or to provide a special surrender value, special benefit, or annuity in the event of total and permanent disability;
- (v) benefits that provide payment or reimbursement for long-term home health care, or long-term care in a nursing home or other related institution;
 - (vi) burial insurance;
 - (vii) optional modes of settlement of proceeds of life insurance;
- (viii) additional benefits for a second opinion for specified health conditions; and
- (ix) additional benefits that provide a lump-sum benefit for a specified disease and that meet the requirements established by the Commissioner under § 15–109 of this article.
 - (3) "Life insurance" does not include workers' compensation insurance.
 - (y) "Life insurer" means an insurer in life insurance.
 - (z) (1) "Marine insurance" includes:
- (i) insurance against loss or damage in connection with any risk of navigation, transit, or transportation, including war risks, marine builder's risks and personal property floater risks, to vessels, craft, aircraft, automobiles, trailers, or vehicles of any kind, as well as all goods, freight, cargoes, merchandise, effects, disbursements, profits, money, bullion, precious stones, securities, choses in action, evidences of debt,

valuable papers, bottomry and respondentia interests, and all other kinds of property and interests:

- 1. on or under water, on land, or in the air;
- 2. while being assembled, packed, crated, baled, compressed, or similarly prepared for shipment or while awaiting shipment; or
- 3. during any delay, storage, transshipment, or incidental reshipment;
- (ii) except as provided in paragraph (2) of this subsection, insurance against:
- 1. loss or damage to a person or property in connection with or as part of marine, inland marine, transit, or transportation insurance arising out of or in connection with the construction, repair, operation, maintenance, or use of the subject matter of the insurance; and
- 2. legal liability of the insured for loss of or damage to the person or property;
- (iii) insurance against loss or damage to precious stones, jewels, jewelry, gold, silver and other precious metals, whether used in business or trade or otherwise or whether in course of transportation or otherwise; and
- (iv) except as provided in paragraph (2) of this subsection, insurance against loss or damage to bridges, tunnels, other instrumentalities of transportation and communication, auxiliary facilities and related equipment, piers, wharves, docks, slips, other aids to navigation and transportation, dry docks, and marine railways.
 - (2) "Marine insurance" does not include:
- (i) life insurance, surety bonds, or insurance against loss because of bodily injury to a person arising out of ownership, maintenance, or use of an automobile; or
- (ii) insurance against loss or damage to buildings that are instrumentalities of transportation and communication, their furniture and furnishings, and fixed contents and supplies stored in the buildings.
- (aa) "Marine protection and indemnity insurance" means insurance against, or against legal liability of the insured for, loss, damage, or expense arising out of or incident to the ownership, operation, chartering, maintenance, use, repair, or construction of a vessel, craft, or instrumentality used in ocean or inland waterways, including legal liability of the insured for personal injury, illness, or death or for loss or damage to the property of another person.
- (bb) "Mutual insurer" means an insurer that is incorporated without capital stock and the governing body of which is elected in accordance with this article.

- (cc) "Negotiate" means to confer directly with or offer advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.
- (dd) "Person" means an individual, receiver, trustee, guardian, personal representative, fiduciary, representative of any kind, partnership, firm, association, corporation, or other entity.
- (ee) (1) "Policy" means the written instrument in which an insurance contract is set forth.
- (2) "Policy" includes all clauses, endorsements, riders, and other papers attached to or made part of the insurance contract.
 - (ff) (1) "Premium" means consideration for insurance.
 - (2) "Premium" includes:
- (i) except as provided in paragraph (3) of this subsection, an assessment; and
- (ii) a membership fee, policy fee, survey fee, inspection fee, service fee, driving record report fee, accident history report fee, or other similar fee in consideration for an insurance contract.
 - (3) "Premium" does not include:
 - (i) an assessment as described in § 9-225 of this article; or
- (ii) an assessment made under any State law that provides for insolvency protection or insurance availability.
- (gg) (1) "Property insurance" means insurance on real or personal property on land, in water, or in the air or an interest in real or personal property against loss or damage from any hazard or cause and against loss that is consequential to the loss or damage.
- (2) "Property insurance" includes fire insurance, flood insurance, extended coverage insurance, homeowners insurance, farm owners insurance, allied lines insurance, earthquake insurance, growing crops insurance, aircraft physical damage insurance, automobile physical damage insurance, glass insurance, livestock insurance, and animal insurance.
- (3) "Property insurance" does not include insurance against legal liability for loss or damage to real or personal property.

- (hh) "Reciprocal insurance" means insurance that arises from an exchange among subscribers of mutual agreements of indemnity and that is effected through an attorney in fact common to the subscribers.
- (ii) "Reciprocal insurer" means an unincorporated aggregation of subscribers that operate individually and collectively through an attorney in fact to provide reciprocal insurance.
- (jj) "Reinsurance" means a contract under which an insurer obtains insurance for itself from another insurer for all or part of an insurance risk.
- (kk) "Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurer.
- (II) "Solicit" means to attempt to sell insurance or to ask or urge a person to apply for a particular kind of insurance from a particular insurer.
 - (mm) Except as otherwise expressly provided in this article, "state" means:
 - (1) a state, possession, territory, or commonwealth of the United States; or
 - (2) the District of Columbia.
- (nn) "Stock insurer" means an insurer that is incorporated with capital that is divided into shares and owned by its stockholders.
 - (oo) "Surety insurance" includes:
- (1) fidelity insurance, which is insurance that guarantees the fidelity of persons that hold positions of public or private trust;
- (2) insurance that guarantees the performance of contracts other than insurance contracts;
- (3) insurance that guarantees the execution of bonds, undertakings, and contracts of suretyship; and
- (4) insurance that indemnifies banks, bankers, brokers, or financial corporations or associations against loss from any cause of bills of exchange, notes, bonds, securities, evidences of debt, deeds, mortgages, warehouse receipts, other valuable papers, documents, money, precious metals, articles made from precious metals, jewelry, watches, necklaces, bracelets, gems, and precious and semi-precious stones, including loss during transportation by messenger or in armored motor vehicles, but not against other risks of transportation or navigation, and insurance against loss or damage to a bank's, banker's, broker's, or financial corporation's or association's premises or furniture, fixtures, equipment, safes, and vaults on the premises caused by burglary, robbery, theft, vandalism, or malicious mischief, or attempted burglary, robbery, theft, vandalism, or malicious mischief.

- (pp) "Surplus lines insurance" means the full amount or kind of insurance needed to protect the interest of the insured that:
 - (1) cannot be obtained from an authorized insurer; or
- (2) for the particular kind and class of insurance to provide coverage against liability of persons described in § 24–206(1) of this article, cannot be obtained from three or more authorized insurers that write that kind and class of insurance on a broad basis.
- (qq) "Title insurance" means insurance of owners of property or other persons that have an interest in the property against loss by encumbrance, defective title, invalidity of title, or adverse claim to title.
- (rr) "Unauthorized insurer" means an insurer that does not hold a certificate of authority.
- (ss) "Wet marine and transportation insurance" means the part of marine insurance that includes only:
 - (1) insurance of vessels, crafts, or hulls and interests in or related to them;
 - (2) insurance of marine builder's risks or marine war risks;
 - (3) marine protection and indemnity insurance;
- (4) insurance of freights and disbursements pertaining to a subject of insurance under this subsection; and
- (5) insurance of personal property and interests in personal property, in connection with any risk of navigation, transit, or transportation:
- (i) in the course of exportation from or importation into a country and in the course of transportation along a coast or on inland waters, including transportation by land, water, or air from point of origin to final destination;
 - (ii) while being prepared for and while awaiting shipment; and
 - (iii) during any delay, storage, transshipment, or incidental reshipment.
 - (tt) (1) "Wholesale life insurance" means life insurance that is:
 - (i) distributed on a mass merchandising basis;
- (ii) administered by group methods provided, with or without evidence of insurability, by individual policies; and
- (lii) made available to employees or members under a program, which also may provide coverage of dependents of the employees or members, sponsored by:
 - 1. an employer or association of employers;

- 2. a union or association of unions;
- 3. an association of individuals who have the same occupation or profession;
 - 4. an association of civil service employees;
- 5. a religious, charitable, recreational, educational, civic, or fraternal organization or association;
 - 6. a school;
 - 7. a sports team;
 - 8. a volunteer fire department; or
- 9. a group approved by the Commissioner that has a common administrative capacity, is not organized primarily for the sale of insurance, and has sufficient numbers to allow for lower rates.
- (2) "Wholesale life insurance" does not include a policy solely because the premium for the policy is paid by salary deduction, salary savings, payroll allotment, or similar arrangement.

Article - Insurance

§10-103.

- (a) In this section, the term "insurer" does not include an insurer's officers, directors, employees, subsidiaries, or affiliates.
 - (b) The licensing requirements of this section do not apply to:
 - (1) an insurer;
- (2) an officer, director, or employee of an insurer or of an insurance producer who does not receive any commission on policies written or sold to insure risks residing, located or to be performed in the State if:
- (i) the activities of the officer, director, or employee are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance;
- (ii) the function of the officer, director, or employee relates to underwriting, loss control, inspection, or the processing, adjusting, investigating, or settling of a claim on a contract of insurance; or
- (iii) the officer, director, or employee is acting in the capacity of a special agent or agency supervisor assisting insurance producers where the individual's activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation, or negotiation of insurance;
- (3) an individual who performs administrative services related to mass marketed property and casualty insurance, provided that no commission is paid to the individual for the services;
- (4) an employer, association, the officers, directors, and employees of an employer or association, or the trustees of an employee trust plan if:
- (i) the employer, association, officers, directors, and employees, or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates;
- (ii) the program involves the use of insurance issued by an insurer; and
- (iii) the employer, association, officers, directors, and employees, or trustees are not in any manner compensated, directly or indirectly, by the insurer issuing the contracts;



- (5) an employee of an insurer or organization employed by an insurer who is:
- (i) engaged in the inspection, rating, or classification of risks or in the supervision of the training of insurance producers; and
- (ii) not individually engaged in the sale, solicitation, or negotiation of insurance:
- (6) a person whose activities in the State are limited to advertising without the intent to solicit insurance in the State through communications in printed publications or other forms of electronic mass media if:
- (i) the distribution of the printed publications or other forms of electronic mass media is not limited to residents of the State; and
- (ii) the person does not sell, solicit, or negotiate insurance that would insure risks residing, located, or to be performed in the State;
- (7) a person who is not a resident of the State who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under the contract if:
- (i) the person is otherwise licensed as an insurance producer to sell, solicit, or negotiate that insurance in the state where the insured maintains its principal place of business; and
 - (ii) the contract insures risks located in that state; or
- (8) a salaried, full-time employee who counsels or advises the employee's employer relative to the insurance interests of the employer or of the subsidiaries or business affiliates of the employer, provided that the employee does not sell or solicit insurance or receive a commission.
- (c) Except as otherwise provided in this article, before a person acts as an insurance producer in the State, the person must obtain:
- (1) a license in the kind or subdivision of insurance for which the person intends to act as an insurance producer; and
 - (2) If acting for an insurer, an appointment from the insurer.
- (d) (1) Except as otherwise provided in this subsection, an insurance producer may not sell, solicit, or negotiate any insurance on behalf of an insurer for which the insurance producer does not have an appointment.
 - (2) Without an appointment, an insurance producer may:
- (i) submit to an insurer an informal inquiry for any kind of life insurance, health insurance, or annuity for which the insurance producer has a license if

the insurer has a certificate of authority for the kind of insurance about which the inquiry is made; and

- (ii) solicit an application for any kind of life insurance, health insurance, or annuity for which the insurance producer has a license if the insurer to which the application is submitted has a certificate of authority for the kind of insurance requested in the application.
- (e) Before a business entity may accept in its own name compensation for acting as an insurance producer in the State, the business entity must obtain:
- (1) a license in the kind or subdivision of insurance for which the business entity intends to act as an insurance producer; and
- (2) an appointment for the kind or subdivision of insurance for which it intends to act as an insurance producer on behalf of an insurer.

Article - Insurance



§10–131.

A person that violates § 10-103(b) or (c), § 10-130, or § 10-133 of this subtitle is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$500 or imprisonment not exceeding 6 months or both for each violation.

Article - Insurance



§10-601.

- (a) In this subtitle the following words have the meanings indicated.
- (b) "Authorized representative" means an independent contractor of a motor vehicle rental company.
- (c) "Motor vehicle rental company" means any person that is in the business of providing motor vehicles to the public under a rental agreement for a period of 180 days or less.
- (d) "Rental agreement" means any written agreement containing the terms and conditions that govern the use of a vehicle provided by a motor vehicle rental company under the provisions of Title 18 of the Transportation Article.
- (e) "Renter" means any person obtaining the use of a vehicle from a motor vehicle rental company under the terms of a rental agreement.
 - (f) "Vehicle" means a motor vehicle:
- (1) of the private passenger type, including passenger vans, minivans, and sport utility vehicles; or
- (2) of the cargo type, including cargo vans, pickup trucks, and trucks that do not require the operator to possess a commercial driver's license.

Article - Insurance



§10-602.

- (a) A motor vehicle rental company shall hold a limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle before the company or its employees or authorized representatives may sell or offer any policies of insurance in this State to a renter in connection with, and incidental to, a rental agreement.
- (b) A limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle issued under this subtitle shall also authorize any employee and any authorized representative of the motor vehicle rental company who is trained, under § 10-604(a)(4) of this subtitle, to act on behalf of, and under the supervision of, a motor vehicle rental company, with respect to the kinds of insurance specified in § 10-604(b)(2) of this subtitle.
- (c) The acts of an employee or authorized representative offering or selling insurance coverage on behalf of a motor vehicle rental company shall be deemed the acts of the motor vehicle rental company for the purposes of this subtitle.
- (d) A motor vehicle rental company holding a limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle issued under this subtitle is not required to treat premiums collected from a renter that purchased insurance from the motor vehicle rental company as funds received in a fiduciary capacity if:
- (1) the insurer represented by the motor vehicle rental company has consented in a written agreement, signed by an officer of the insurer, that the premiums do not need to be segregated from other funds received by the motor vehicle rental company in connection with the vehicle rental; and
- (2) the charges for insurance coverage are itemized but not billed to the renter separately from the charges for the vehicle rental.
- (e) An employee or an authorized representative of a motor vehicle rental company who offers or sells insurance coverage on behalf of the motor vehicle rental company:
- (1) may be compensated for offering or selling insurance coverage under this subtitle; but
- (2) may not be compensated in a manner that is based solely on the number of customers who purchase rental vehicle insurance.

- (f) This subtitle may not be construed to prohibit payment of compensation to an employee or an authorized representative of a motor vehicle rental company who offers or sells insurance coverage on behalf of the motor vehicle rental company for activities that are incidental to the employee's overall activities.
- (g) A motor vehicle rental company that holds a limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle issued under this subtitle shall:
 - (1) maintain a register, on a form the Commissioner requires, containing:
- (i) the names of each employee or authorized representative who offers limited lines insurance on behalf of the motor vehicle rental company; and
- (ii) the business addresses of all locations in the State where employees or authorized representatives offer limited lines insurance on behalf of the motor vehicle rental company; and
- (2) submit the register for inspection by the Commissioner as the Commissioner requires.

Article - Insurance





§10-603.

- (a) The Commissioner shall issue to a motor vehicle rental company, or a franchisee of a motor vehicle rental company, a limited lines license authorizing the motor vehicle rental company to offer or sell insurance in connection with, and incidental to, the rental of a vehicle if the motor vehicle rental company:
 - (1) meets the requirements of § 10-604 of this subtitle;
- (2) pays the fees for insurance producers required under § 2-112 of this article that are applicable to an insurance producer license; and
- (3) submits to the Commissioner any additional information or documentation that the Commissioner requires, including any information or documentation to determine the professional competence, good character, and trustworthiness of the motor vehicle rental company.
- (b) A limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle issued under this subtitle is subject to the same term and renewal conditions specified for an insurance producer license under § 10-115 of this title.

Article - Insurance



§10--604.

- (a) A limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle issued under this subtitle authorizes the motor vehicle rental company to offer or sell, in connection with, and incidental to, a motor vehicle rental agreement in which the rental period does not exceed 30 days, the insurance products specified in paragraph (b) of this section if:
 - -(-1)—the-policies-have-been-filed-with-and-approved-by-the-Commissioner;
- (2) the motor vehicle rental company holds an appointment with each authorized insurer, under § 10-118 of this title, that the motor vehicle rental company intends to represent;
- (3) prior to completion of the rental transaction, an employee or authorized representative of the motor vehicle rental company provides to the renter disclosures approved by the Commissioner that:
- (i) summarize, clearly and correctly, the material terms of coverage, including limitations or exclusions;
 - (ii) Identify the authorized insurer or insurers;
- (iii) specify that the policies offered by the motor vehicle rental company may provide a duplication of coverage already provided by a renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage;
- (iv) specify that the purchase of the coverages offered by the motor vehicle rental company is not required in order for the renter to rent a vehicle;
 - (v) describe the process by which the renter can file a claim; and
- (vi) specify that any excess liability coverage purchased by the renter may duplicate coverage required to be provided under § 18-102(a)(2) of the Transportation Article;
- (4) the motor vehicle rental company provides a training program, approved by the Commissioner, for any employee or authorized representative who sells, solicits, or negotiates insurance coverage under this subtitle that includes:
- (i) instruction about the kinds of insurance specified in subsection (b) of this section that can be offered to renters:

- (ii) instruction that the trainee shall inform a renter that the purchase of any insurance from the motor vehicle rental company is not required in order for the renter to rent a vehicle; and
- (iii) instruction that the trainee shall inform a renter that the renter may have insurance policies that already provide the coverage being offered by the motor vehicle rental company; and
- (5) an employee or authorized representative who offers or sells insurance coverage on behalf of the motor vehicle rental company informs a renter that the policies offered by the motor vehicle rental company may duplicate coverage already provided by the renter's personal automobile insurance policy, homeowner's insurance policy, personal liability insurance policy, or other source of coverage.
- (b) A limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle issued under this subtitle authorizes the motor vehicle rental company to offer or sell insurance policies under this subtitle that are:
- (1) in excess of or optional to the coverages required to be provided by the motor vehicle rental company under Title 17 of the Transportation Article and any related regulations; and
 - (2) one of the following kinds of insurance:
 - (i) bodily injury liability;
 - (ii) property damage liability;
 - (iii) uninsured motorist insurance; or
- (iv) if approved by the Commissioner, any other insurance coverage that is appropriate in connection with the rental of a motor vehicle.

Article - Insurance



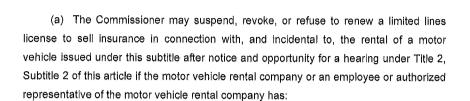
§10-605.

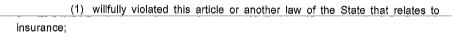
- (a) Except as provided in subsection (b) of this section, an insurance policy sold in connection with, and incidental to, the rental of a vehicle under the provisions of this subtitle is primary to any other valid and collectible coverage.
- (b) Any insurance sold to a renter under the provisions of this subtitle is not primary to the coverages provided by the motor vehicle rental company on the rental vehicle under § 17-103(b) of the Transportation Article.

Article - Insurance









- (2) operated without a limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle as required under this subtitle;
 - (3) failed to provide required disclosures;
 - (4) offered or sold unapproved insurance products;
 - (5) failed to hold an appointment with the insurer;
- (6) failed to train employees and authorized representatives selling or soliciting, or negotiating the sale of, insurance products on behalf of the motor vehicle rental company; or
- (7) misrepresented pertinent facts or policy provisions that relate to the coverage offered or sold pursuant to this subtitle.
- (b) A motor vehicle rental company and its employees and authorized representatives may not advertise, represent, or otherwise hold itself out as an authorized insurer, or as an insurance producer, for any kind or subdivision of insurance.
- (c) Instead of, or in addition to, suspending or revoking the limited lines license to sell insurance in connection with, and incidental to, the rental of a motor vehicle, the Commissioner may:
- (1) impose on the motor vehicle rental company a penalty of not less than \$100 but not more than \$2,500 for each violation of this subtitle; and
- (2) require that restitution be made to any person who has suffered financial injury because of the violation of this article.



Article - Insurance

§10-607.

The Commissioner may adopt regulations to carry out the provisions of this subtitle, including regulations concerning the form and content of required disclosures to renters, the training requirements for employees and authorized representatives of motor vehicle rental companies, and the qualifications of the individuals who provide training for employees and authorized representatives of motor vehicle rental companies.