



February 13, 2018

The Honorable Thomas M. Middleton  
Chairman  
Committee on Finance  
Room 3E  
Miller Senate Office Building  
Annapolis, MD 21401

Dear Chairman Middleton:

The American Car Rental Association (ACRA) respectfully asks for your support of SB 573, sponsored by Senator Klausmeier. SB 751 would modify Maryland's law to conform to the vast majority of states in their treatment of a vehicle renter's responsibility for damages arising from third party liability claims.

ACRA is the national representative for over 98% of our nation's car rental industry. ACRA's membership is comprised of over 300 car rental companies, including all of the brands you would recognize such as Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty. ACRA members also include many system licensees and franchisees, mid-size, regional and independent car rental companies as well as smaller, "mom & pop" operators. ACRA members have over 2.1 million registered vehicles in service, with fleets ranging in size from one million cars to ten cars.

The overwhelming majority of states recognize that responsibility for claims that arise out of the operation of a rented vehicle should lie with the renter. In fact, Maryland has already addressed that responsibility for vehicles rented as a temporary replacement. This legislation would address the remaining rentals that are generally for retail or business purposes.

This legislation would remove Maryland completely from the list of states that have yet to recognize that a renter should be responsible for the accidents that arise out of his or her use of a rented vehicle. The only other remaining jurisdictions that mandate a rental company be primarily liable for third party damages arising from the renter's use of our members' vehicles without a right of recovery are New York, Massachusetts, South Carolina, South Dakota and the District of Columbia. In the last few years both Arizona and West Virginia have joined with the rest of the country to rectify their laws.

Opponents might claim that this bill would leave damaged Marylanders without recourse, but that's just not true. Nothing in this legislation removes the obligation

of a rental vehicle owner to ensure third parties have access to the state's minimum financial responsibility limits. This legislation simply permits the rental company to pursue the renter of the vehicle to recover the cost of the claims settled on the renter's behalf.

In other states where this right of recovery is recognized, the insurance company for the renter often voluntarily steps up to handle such claims on a primary basis; but even when they don't, the rental company will continue to handle the third party claims.

The insurance industry might claim that this will be a burdensome cost shift to the Maryland insurance market; that is also just not the case. In general, rental car claims represent about one-half of one percent of all personal automobile claims. Maryland has already taken action to make a renter's insurance company step up and handle rental claims on a primary basis. Those replacement rentals represent about half of all rentals. At most, the remaining rental claims would represent one quarter of one percent of all claims; and many, if not most, of those would be handled by out of state insurance companies of renters who are travelling in Maryland.

The facts just don't support that there is any significant cost shift to be realized.

ACRA submits that SB 573 will create consistency for insured individuals to know that the insurance policy they pay for will cover them for any loss they incur when driving a vehicle, either owned by them, or rented by them.

Thank you for your attention to ACRA's comments on this legislation. If you have questions, do not hesitate to contact me at [gscott@merevir.com](mailto:gscott@merevir.com) or (202) 297-5123.

Sincerely yours,



Gregory M. Scott  
Government Relations Representative  
American Car Rental Association