

MAINE STATE LEGISLATURE

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ROFS

Date: 4/21/15

(Filing No. H- 80)

Majority

INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 223, L.D. 329, Bill, "An Act To Allow Equipment Rental Companies To Sell Equipment Insurance"

Amend the bill by striking out the title and substituting the following:

'An Act To Allow Equipment Rental Companies To Sell Insurance'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 24-A MRSA §1413, sub-§9 is enacted to read:

9. Equipment rental company. A rental company as defined in section 3043, subsection 1, paragraph C that solicits or sells insurance in connection with and incidental to the rental of covered rental equipment as defined in section 3043, subsection 1, paragraph B shall obtain a limited insurance producer license under this chapter, and at least one employee at each office of the rental company located in the State shall obtain a limited insurance producer license.

Sec. 2. 24-A MRSA §1420-F, sub-§1, ¶K, as enacted by PL 2001, c. 259, §24, is amended to read:

K. Automobile mechanical breakdown contracts, which are a limited line; and

Sec. 3. 24-A MRSA §1420-F, sub-§1, ¶L, as repealed and replaced by PL 2007, c. 51, §3, is amended to read:

L. Insurance offered, sold or solicited in connection with and incidental to the rental of rental cars for a period of no more than 60 days, whether at the rental office or by preselection of coverage in master, corporate, group or individual agreements, that is nontransferable, applies only to the rental car that is the subject of the rental agreement and is limited to the following kinds of insurance:

- (1) Personal accident insurance for renters and other rental car occupants for accidental death or dismemberment and for medical expenses resulting from an accident that occurs with the rental car during the rental period;

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- 1 (2) Liability insurance that provides protection to the renters and other
- 2 authorized drivers of a rental car for liability arising from the operation or use of
- 3 the rental car during the rental period;
- 4 (3) Personal effects insurance that provides coverage to renters and other vehicle
- 5 occupants for loss of, or damage to, personal effects in the rental car during the
- 6 rental period;
- 7 (4) Roadside assistance and emergency sickness protection insurance; and
- 8 (5) Any other coverage designated by the superintendent; and

9 **Sec. 4. 24-A MRSA §1420-F, sub-§1, ¶M** is enacted to read:

10 M. Insurance offered, sold or solicited in connection with and incidental to the rental
11 of covered rental equipment, as defined in section 3043, insuring against the loss of
12 or damage to that equipment.

13 **Sec. 5. 24-A MRSA §1420-H, sub-§3, ¶D**, as enacted by PL 2001, c. 259, §24,
14 is amended to read:

15 D. An applicant for a license as a limited insurance producer who solicits or sells
16 mechanical breakdown insurance; ~~or~~

17 **Sec. 6. 24-A MRSA §1420-H, sub-§3, ¶E**, as amended by PL 2007, c. 51, §4, is
18 further amended to read:

19 E. An applicant for a license as a limited insurance producer employed by a motor
20 vehicle rental company who solicits or sells insurance in connection with and
21 incidental to the rental of a motor vehicle for a period not to exceed 60 days in
22 accordance with section 1420-F, subsection 1, paragraph L; or

23 **Sec. 7. 24-A MRSA §1420-H, sub-§3, ¶F** is enacted to read:

24 F. An applicant for a license as a limited insurance producer employed by an
25 equipment rental company who solicits or sells insurance in connection with and
26 incidental to the rental of covered rental equipment in accordance with section
27 1420-F, subsection 1, paragraph M.

28 **Sec. 8. 24-A MRSA §3043** is enacted to read:

29 **§3043. Coverage for rental equipment permitted**

30 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
31 following terms have the following meanings.

32 A. "Covered rental agreement" means a written agreement with a term of 30
33 continuous days or fewer setting forth the terms and conditions governing the use of
34 covered rental equipment provided by a rental company.

35 B. "Covered rental equipment" means equipment rented pursuant to a covered rental
36 agreement for personal or household purposes.

37 C. "Rental company" means a person or organization, including a franchisee, in the
38 business of renting equipment to the public.

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2. Coverage for rental equipment permitted. Notwithstanding any other provision of this Title, a rental company may offer for sale an insurance policy insuring against the loss of or damage to covered rental equipment under a covered rental agreement.'

SUMMARY

This amendment replaces the bill and is the majority report of the committee. The amendment reallocates section 1 of the bill, which allows a rental company to offer for sale an insurance policy insuring against the loss of or damage to equipment rented for personal or household purposes, to the appropriate subchapter of the Maine Insurance Code. The amendment establishes a licensing structure for equipment rental insurance that is the same as the licensing structure for insurance sold in connection with renting a motor vehicle. The amendment requires rental companies to obtain a business entity license to sell insurance in connection with renting equipment and requires at least one employee at each office of the rental company located in the State to obtain a limited lines insurance producer license. The amendment also adds provisions to clarify that the insurance sold in connection with rental equipment is a limited lines insurance product and applicants for a license to sell that insurance product are exempt from examination.

FISCAL NOTE REQUIRED
(See Attached)



127th MAINE LEGISLATURE

LD 329

LR 688(02)

An Act To Allow Equipment Rental Companies To Sell Equipment Insurance

Fiscal Note for Bill as Amended by Committee Amendment *A (H-80)*
Committee: Insurance and Financial Services
Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Fund

Fiscal Detail and Notes

Any additional costs to the Department of Professional and Financial Regulation to adopt the changes in this bill are expected to be minor and can be absorbed within existing budgeted resources.