

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 395
Finance

(Senator Gile)

Judiciary

Peer-to-Peer Car Sharing Programs - Insurance and Liability

This bill makes various changes to the regulatory framework governing the liability requirements (*i.e.*, car insurance) for peer-to-peer car sharing programs. Broadly, the bill (1) makes various changes to specify which insurance coverage is primary when a vehicle is being used for a peer-to-peer car sharing program; (2) repeals provisions of current law that prohibit an insurer from denying, canceling, voiding, terminating, rescinding, or nonrenewing a policy solely on the basis that a motor vehicle covered by the policy has been made available through a peer-to-peer car sharing program; (3) authorizes part or all of the motor vehicle liability insurance covering a vehicle while it is being used for peer-to-peer car sharing to be provided by a shared vehicle driver; (4) includes specifications for accidents and incidents that occur in another state during a car sharing period; (5) authorizes a peer-to-peer car sharing program to transfer monetary liability and charge drivers for any toll, fee, charge, or fine imposed during a car sharing period, as specified; and (6) clarifies that a peer-to-peer car sharing program is not liable for a citation issued through a traffic control signal monitoring (red light camera) system.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration in FY 2027 only from rate and form filing fees. Enforcement can be handled using existing budgeted resources.

Maryland Automobile Insurance Fund (MAIF) Effect: The bill is not anticipated to materially affect MAIF operations or finances.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Primary Coverage for Peer-to-peer Car Sharing Vehicles

The bill repeals various provisions of law that generally require an insurance policy sold in connection with, and incidental to, a peer-to-peer car sharing program agreement to be primary to any other valid and collectible coverage that may apply to the motor vehicle. As a result of these changes, there is no statutory requirement defining which insurance coverage must be primary for a vehicle being used in a peer-to-peer car sharing program.

Security for Peer-to-peer Car Sharing Vehicles

Except for replacement vehicles, as specified, the bill requires a peer-to-peer car sharing program in the State to be responsible for providing security (*i.e.*, insurance) on a primary basis for a third-party liability claim if the peer-to-peer car sharing program:

- fails to deliver notice of the claim;
- fails to cooperate with the insurer;
- prejudiced the handling of the third-party claim;
- has provided liability, property damage, uninsured motorist, or other coverage to the insured that is (1) additional to the insurance required for peer-to-peer car sharing programs under current law and (2) applicable to the third-party claim as a benefit under supplemental insurance policy sold to the shared vehicle driver in connection with, and incidental to, the peer-to-peer care sharing transaction; or
- fails to provide specified disclosures to a shared vehicle owner and shared vehicle driver.

Exclusion of Coverage for Peer-to-peer Car Sharing Vehicles

The bill repeals an existing prohibition that disallows an insurer from denying, canceling, voiding, terminating, rescinding, or nonrenewing a personal motor vehicle liability insurance policy of a shared vehicle owner solely on the basis that a motor vehicle covered under the policy has been made available for sharing through a peer-to-peer car sharing program. The bill also repeals a related provision that specifies the circumstances under which an insurer could take any such action.

The bill specifies that the provisions of law governing peer-to-peer car sharing programs do not invalidate or limit an exclusion contained in a motor vehicle liability insurance

policy, including an insurance policy in use or approved for use that excludes coverage for motor vehicles made available for rent, sharing, or hire or for a business use.

Insurance for Shared Motor Vehicles

The bill authorizes part or all of the motor vehicle liability insurance covering a motor vehicle while it is being used for peer-to-peer car sharing to be provided by a shared vehicle driver. The bill makes a series of conforming changes to ensure that a driver's personal motor liability insurance policy may be considered primary (meaning it pays out first in the event of an accident) during any car sharing period instead of only during a car sharing period in which the shared vehicle is being used as a replacement vehicle.

The peer-to-peer car sharing program must ensure that, during each car sharing period, the shared vehicle owner and driver are insured under a motor vehicle liability insurance policy that does not exclude the use of the shared motor vehicle by a shared vehicle driver.

The bill exempts MAIF from having to provide coverage to a shared vehicle driver for the use of a shared vehicle that is not a replacement vehicle.

Accidents and Incidents in Other States

If a claim that arises out of an occurrence during the car sharing period occurred in another state with minimum financial responsibility limits higher than those required in Maryland, the insurance policy or policies that apply during the car sharing period *must* satisfy the difference in minimum coverage amounts, up to the applicable policy limits.

Tolls, Fees, Charges, and Fines During Car Sharing

A peer-to-peer car sharing program may transfer monetary liability and charge a shared vehicle driver for any toll, fee, charge, or fine imposed for any act or omission involving the shared motor vehicle that occurred while the vehicle was under the control or possession of the shared vehicle driver during the car sharing period.

Current Law:

Peer-to-peer Car Sharing Programs

A peer-to-peer car sharing program is an online platform that connects vehicle owners with drivers to enable the sharing of motor vehicles for financial consideration. Chapter 852 of 2018 established a (1) regulatory framework for peer-to-peer car sharing in the State; (2) a sales and use tax rate of 8% for related sales and charges; and (3) regulatory processes for rates and fees charged to a renter through a program. Chapter 9 of the

2021 special session specifies that, beginning in fiscal 2022, the sales and use tax rate for peer-to-peer car sharing is 11.5% if the vehicle is a passenger car, a multipurpose vehicle, or a motorcycle that is part of a fleet of vehicles that includes more than 10 vehicles owned by the same person.

The regulatory framework for peer-to-peer car sharing established by Chapter 852 included motor vehicle insurance requirements and specifications for vehicles used for peer-to-peer car sharing. Specifically, the peer-to-peer car sharing program must assume the liability of the *owner* of a shared vehicle during a car sharing period (*i.e.*, when the vehicle is being used through the program). Additionally, during a car sharing period, the vehicle being shared must be covered by a liability insurance coverage policy maintained by a shared vehicle owner, the peer-to-peer car sharing program, or a combination of both. This policy must be *primary* (meaning it pays out first in the event of an accident) during a car sharing period to any coverage provided by the driver. However, if the shared vehicle is being used as a replacement vehicle (meaning the vehicle is being used to temporarily replace the driver's main vehicle while it is being repaired), then the policy may be *secondary* to any coverage provided by the vehicle driver (meaning that it would pay out after the driver's personal coverage).

Moreover, each peer-to-peer car sharing program agreement in the State must make certain disclosures to the shared vehicle owner and shared vehicle driver, including that a motor vehicle liability insurance policy issued to the shared vehicle owner for the shared motor vehicle or to the shared vehicle driver does not provide a defense or indemnification for any claim asserted by the peer-to-peer car sharing program, as specified.

Red Light Camera Systems

Unless the driver of a motor vehicle receives a citation from a police officer at the time of the violation, the owner or driver of a vehicle recorded by a traffic control signal monitoring system entering an intersection against a red signal in violation of the Maryland Vehicle Law is subject to a civil penalty of up to \$100. Red light camera enforcement applies to a violation of specified Maryland Vehicle Law requirements applicable to a vehicle approaching a steady circular red signal or arrow, including (1) stopping at a clearly marked stop line, or crosswalk if there is no stop line, or intersection if there is no crosswalk and (2) remaining stopped until a signal allows the vehicle to proceed.

Required Security – Generally

Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period; there are

approximately 5.1 million registered and insured vehicles in the State. The security required must provide for at least 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;
- for property of others damaged or destroyed in an accident of up to \$15,000;
- unless waived or exempt by Chapters 425 and 426 of 2016, for personal injury protection of \$2,500 per person; and
- for uninsured motorist coverage or enhanced underinsured motorist coverage under Chapters 20 and 815 of 2017 (unless waived, the amount equals the amount of liability coverage provided under the policy; if waived, the amount equals the minimum required insurance for liability coverage).

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 771 of 2025 and HB 1187 of 2023.

Designated Cross File: HB 1186 (Delegate Rogers, *et al.*) - Judiciary.

Information Source(s): Judiciary (Administrative Office of the Courts); Maryland Automobile Insurance Fund; Maryland Department of Transportation; Maryland Insurance Administration; Department of Legislative Services

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