

HB296 INTRODUCED



1 HB296
2 XDIQXZE-1
3 By Representative Brown
4 RFD: Insurance
5 First Read: 20-Jan-26



SYNOPSIS:

Rental home marketplaces include online platforms or services such as Vacation Rentals By Owner (VRBO) and Airbnb which connect property owners to short term renters. Existing laws do not provide reimbursement guarantees to rental home marketplace users for damages to property shared through a rental home marketplace.

This bill would require rental home marketplaces doing business in this state to maintain a reimbursement insurance policy.

This bill would create the Rental Home Marketplace Guarantees Act to define and regulate rental home marketplace guarantees.

This bill would provide for oversight of and consumer protections for rental home marketplace guarantees by the Commissioner of Insurance; would give enforcement and rulemaking authority to the Commissioner of Insurance; and would also provide for monetary penalties, hearings, and court proceedings.

A BILL
TO BE ENTITLED
AN ACT



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Relating to consumer protection; to establish the Rental Home Marketplace Guarantees Act; to define and regulate rental home marketplace guarantees; to provide administration, registration, and enforcement duties upon the Commissioner of Insurance; and to provide for financial penalties for violations of the act.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known and may be cited as the Rental Home Marketplace Guarantees Act.

Section 2. As used in this act, the following terms have the following meanings:

(1) COMMISSIONER. The Alabama Commissioner of Insurance.

(2) PERSON. An individual, partnership, corporation, incorporated or unincorporated association, joint stock company, syndicate, or any similar entity or combination of entities acting in concert.

(3) PLATFORM CONTRACT HOLDER. A platform user who is the beneficiary or holder of a rental home marketplace guarantee.

(4) PROVIDER. A rental home marketplace doing business in this state or an affiliate or representative of the rental home marketplace that issues, offers, or administers a rental home marketplace guarantee either directly or through a third party.

(5) REIMBURSEMENT INSURANCE POLICY. A policy of insurance issued to a provider that states that the insurer



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will cover all liabilities and duties under the rental home marketplace guarantee if the provider defaults or fails to perform.

(6) RENTAL HOME MARKETPLACE. A person who meets all of the following criteria:

a. Provides an online application, software, website, system, or other medium through which a property is advertised or is offered to the public as available in this state and that connects platform users to enable them to share property.

b. Provides, directly or indirectly, or maintains an online platform by performing any of the following:

1. Transmitting or otherwise communicating the offer or acceptance of a transaction between two platform users.

2. Owning or operating the electronic infrastructure or technology that brings two or more platform users together.

3. If engaged in the offering of rental home marketplace guarantees, does so only in a manner that is ancillary to the conduct of its primary legitimate business or activity.

c. Is not a local or state governmental entity.

(7) RENTAL HOME MARKETPLACE GUARANTEE. A contract or agreement issued in connection with a rental home marketplace, whether or not for separate consideration, to reimburse a user sharing property for any damages for which the renter is responsible under the rental home marketplace's terms of service, with or without additional provisions for incidental payment of indemnity for related damages.

Section 3. (a) A rental home marketplace guarantee



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85 shall not be issued or offered in this state unless the
86 provider has made the rental home marketplace guarantee terms
87 available on the provider's website and has complied with this
88 act.

89 (b) No later than March 1, 2027, or prior to commencing
90 offering rental home marketplace guarantees, providers of
91 rental home marketplace guarantees offered in this state shall
92 file a registration with the commissioner on a form and at a
93 fee prescribed by the commissioner. Fees collected pursuant to
94 this section shall be deposited in the State Treasury to the
95 credit of the Insurance Department Fund.

96 (c) No later than July 1, 2027, or prior to commencing
97 offering rental home marketplace guarantees, each provider
98 must obtain and maintain a reimbursement insurance policy
99 issued by an insurer authorized to transact insurance in this
100 state or written pursuant to Chapter 10 of Title 27.

101 Section 4. Rental home marketplace guarantees do not
102 constitute insurance and are not required to comply with any
103 provision of the insurance laws of this state except as
104 provided in this act.

105 Section 5. (a) Reimbursement insurance policies
106 insuring rental home marketplace guarantees offered in this
107 state shall clearly state that, upon default or nonperformance
108 of the provider under the rental home marketplace guarantee,
109 the insurer that issued the policy shall pay on behalf of the
110 provider any sums the provider is obligated to pay according
111 to the rental home marketplace guarantee.

112 (b) A reimbursement insurance policy shall be subject



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to the laws and regulations governing termination and nonrenewal of insurance policies in this state. The termination of a reimbursement insurance policy shall not reduce the issuer's responsibility for rental home marketplace guarantees issued by providers before the effective date of the termination.

(c) A provider is the agent of the insurer that issued the reimbursement insurance policy. The insurer may seek reimbursement from the provider for any payments made to a platform contract holder which the provider was initially obligated to pay. This act does not prevent or limit that right.

Section 6. (a) Rental home marketplace guarantees offered in this state shall include a statement in substantially the following form: "This rental home marketplace guarantee is not an insurance contract."

(b) Rental home marketplace guarantees shall contain a statement in substantially the following form: "A reimbursement insurance policy backs obligations of the provider. If the provider is unable or fails to perform on its contractual obligation under a rental home marketplace guarantee within 180 days after proof of loss has been filed, a platform user is entitled to make a claim directly against the insurance company, subject to the terms of the policy."

(c) Rental home marketplace guarantees shall be written in clear, understandable language and shall specify the terms, limitations, exceptions, conditions, or exclusions, including conditions governing transferability or termination.



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(d) In connection with the offer or advertisement of a rental home marketplace guarantee, a provider shall not make, permit, or cause to be made any false or misleading statement or deliberately omit any material statement that would be considered misleading if omitted.

Section 7. (a) The commissioner may conduct investigations of providers or other persons to enforce this act and protect platform contract holders in this state. Upon the commissioner's request, the provider shall make all accounts, books, and records concerning rental home marketplace guarantees sold in this state by the provider available to the commissioner, which are necessary to enable the commissioner to determine compliance or noncompliance with this act.

(b) Investigations conducted by the commissioner shall be pursuant to the same examination authority of the commissioner relative to insurers as provided in Chapter 2 of Title 27, Code of Alabama 1975, and investigation expenses shall be processed as examination expenses in accordance with Section 27-2-25, Code of Alabama 1975, which may be presented periodically during the investigation or at the end of the investigation, as the commissioner deems appropriate.

(c) The commissioner may take action that is necessary or appropriate to enforce this act and the commissioner's regulations and orders, and to protect platform contract holders in this state.

(d) If a provider has violated this act or the commissioner's regulations or orders, the commissioner may



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169 issue an order directed to that provider: (i) to cease and
170 desist from committing violations of this act or the
171 commissioner's regulations or orders; (ii) to prohibit the
172 selling or offering for sale rental home marketplace
173 guarantees in violation of this act; (iii) to impose a civil
174 penalty; or (iv) any combination of the foregoing.

175 (e) A provider negatively impacted by an order issued
176 under subsection (d) may request a hearing before the
177 commissioner. The hearing request shall be filed with the
178 commissioner no more than 20 days from the effective date of
179 the commissioner's order.

180 (f) If a hearing is requested, the effective date of
181 the order is automatically suspended until the hearing is
182 complete and the commissioner has reached a final decision.

183 (g) A provider shall have the same rights as insurers
184 to request a hearing in accordance with Article 1 of Chapter 2
185 of Title 27, Code of Alabama 1975, and to appeal as provided
186 in Section 27-2-32, Code of Alabama 1975.

187 (h) The commissioner may bring an action in the Circuit
188 Court of Montgomery County, Alabama, for an injunction or
189 other appropriate relief to enjoin threatened or existing
190 violations of this act or of the commissioner's orders or
191 regulations. An action filed under this section may also seek
192 restitution on behalf of providers negatively impacted by a
193 violation of this act or orders or regulations of the
194 commissioner.

195 (i) A provider who is found to have violated this act
196 may be ordered to pay to the commissioner a civil penalty in



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an amount determined by the commissioner of not more than five hundred dollars (\$500) per violation and no more than ten thousand dollars (\$10,000) in the aggregate for all violations of a similar nature. For purposes of this section, violations shall be of a similar nature if the violation consists of the same or similar course of conduct, action, or practice, regardless of the frequency of the specific act.

Section 8. The commissioner may adopt regulations to implement this act.

Section 9. This act shall become effective on October 1, 2026.