

# HOUSE BILL 630

R4

(5lr2261)

**ENROLLED BILL**  
— *Economic Matters/Finance* —

Introduced by **Delegate Jameson**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Transportation~~ **Mechanical Repair Contracts – Requirements**

3 FOR the purpose of *altering the definition of “service contract” to include a certain*  
4 *mechanical repair contract*; altering the definition of “mechanical repair contract”  
5 and defining “obligor” for purposes of certain provisions of law establishing  
6 requirements for mechanical repair contracts and persons who sell or offer them;  
7 establishing that an agreement or contract sold by ~~the person obligated under the~~  
8 ~~agreement or contract~~ a certain obligor may be a mechanical repair contract under  
9 certain circumstances; specifying services that may be offered under a mechanical  
10 repair contract; establishing that certain warranties under a certain federal law ~~and~~  
11 agreements for regular maintenance, and agreements between certain motor clubs  
12 and their members or subscribers are not mechanical repair contracts; ~~establishing~~  
13 requiring that a mechanical repair contract ~~is not required to be filed for approval~~  
14 with the Insurance Commissioner; broadening the application of a certain provision  
15 of law to establish that certain consumer protection laws apply to any mechanical

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber/conference committee amendments.*



1 repair contract sold in the State, not just those sold by a licensed vehicle dealer;  
 2 establishing that a certain obligor has the same obligation as a seller under a certain  
 3 provision of law; requiring a certain obligor to file a certain mechanical repair  
 4 contract with the Commissioner and to provide certain evidence with the filing;  
 5 establishing that a certain filing is not subject to approval *or review* by the  
 6 Commissioner *except under certain circumstances*; ~~providing for a certain cease and~~  
 7 ~~desist order~~ *providing for a certain filing fee*; *authorizing the Commissioner to*  
 8 *investigate and determine if a mechanical repair contract is in compliance with*  
 9 *certain provisions of law*; *providing for a certain hearing*; requiring that certain  
 10 persons that sell mechanical repair contracts register with the Commissioner and  
 11 provide certain information as part of the registration; *requiring the Commissioner*  
 12 *to register an obligor under certain circumstances*; *authorizing the Commissioner to*  
 13 *deny, refuse to renew, suspend, or revoke a registration of an obligor under certain*  
 14 *circumstances*; requiring an obligor to provide a certain notice under certain  
 15 circumstances; establishing a certain annual registration fee; prohibiting a person  
 16 who is not a registered obligor under this Act from offering, selling, or negotiating a  
 17 mechanical repair contract; authorizing the Commissioner to pursue a certain action;  
 18 establishing that a mechanical repair contract may not provide certain  
 19 indemnification under certain circumstances; establishing that certain persons that  
 20 comply with this Act and certain provisions of law are not required to comply with  
 21 certain provisions of law relating to insurance; establishing certain requirements  
 22 relating to registering with the Commissioner; *establishing certain required*  
 23 *disclosures*; *establishing certain penalties*; prohibiting certain persons ~~who~~ that sell  
 24 mechanical repair contracts from making certain false, deceptive, or misleading  
 25 statements; making stylistic and conforming changes; and generally relating to  
 26 mechanical repair contracts.

27 *BY repealing and reenacting, with amendments,*

28 *Article – Commercial Law*

29 *Section 14-401(k) and 14-409(a) and (b)*

30 *Annotated Code of Maryland*

31 *(2013 Replacement Volume and 2014 Supplement)*

32 *BY repealing and reenacting, with amendments,*

33 *Article – Insurance*

34 *Section 2-112(a)(9)*

35 *Annotated Code of Maryland*

36 *(2011 Replacement Volume and 2014 Supplement)*

37 *BY adding to*

38 *Article – Insurance*

39 *Section 2-112(a)(11)*

40 *Annotated Code of Maryland*

41 *(2011 Replacement Volume and 2014 Supplement)*

42 BY repealing and reenacting, with amendments,

43 Article – Transportation

1 Section 15–311.2  
 2 Annotated Code of Maryland  
 3 (2012 Replacement Volume and 2014 Supplement)

4 BY adding to

5 Article – Transportation  
 6 Section 27–101(ff)  
 7 Annotated Code of Maryland  
 8 (2012 Replacement Volume and 2014 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 10 That the Laws of Maryland read as follows:

11 **Article – Commercial Law**

12 14–401.

13 (k) (1) “Service contract” means a contract or agreement for a separately stated  
 14 consideration for a specific duration to perform the repair, replacement, or maintenance of  
 15 a product, or to indemnify for the repair, replacement, or maintenance, because of an  
 16 operational or structural failure due to a defect in materials, workmanship, or normal wear  
 17 and tear, with or without additional provisions for incidental payment of indemnity under  
 18 limited circumstances.

19 (2) “Service contract” includes [a]:

20 (I) A contract or agreement for repair, replacement, or maintenance  
 21 of a product for damage resulting from power surges and accidental damage from handling;  
 22 AND

23 (II) A MECHANICAL REPAIR CONTRACT UNDER § 15–311.2 OF  
 24 THE TRANSPORTATION ARTICLE.

25 (3) “Service contract” does not include:

26 (i) A guaranty;

27 (ii) A maintenance agreement that does not include a provision for  
 28 the repair, replacement, or maintenance of a product because of an operational or structural  
 29 failure due to a defect in materials, workmanship, or normal wear and tear;

30 (iii) A warranty, service contract, or maintenance agreement offered  
 31 by a public utility on its transmission devices to the extent it is regulated by the Public  
 32 Service Commission; OR

1 (iv) [A mechanical repair contract under § 15-311.2 of the  
2 Transportation Article; or

3 (v)] Mechanical breakdown insurance.

4 14-409.

5 (a) Except for Title 13 of this article AND § 15-311.2 OF THE TRANSPORTATION  
6 ARTICLE WITH RESPECT TO MECHANICAL REPAIR CONTRACTS, this subtitle provides  
7 the exclusive remedy by which a person guaranteed may recover damages for a breach of a  
8 service contract or may enforce a service contract.

9 (b) (1) Providers, administrators, and other persons marketing, selling, or  
10 offering to enter into service contracts that comply with the terms of this subtitle need not  
11 comply with any provision of the Insurance Article, EXCEPT WITH RESPECT TO  
12 MECHANICAL REPAIR CONTRACTS AS EXPRESSLY PROVIDED IN § 15-311.2 OF THE  
13 TRANSPORTATION ARTICLE.

14 (2) Guarantors, administrators, and other persons marketing, selling, or  
15 offering to issue guarantees that comply with the terms of this subtitle need not comply with  
16 any provision of the Insurance Article.

17 Article - Insurance

18 2-112.

19 (a) Fees for the following certificates, licenses, permits, and services shall be  
20 collected in advance by the Commissioner, and shall be paid by the appropriate persons,  
21 including health maintenance organizations, to the Commissioner:

22 (9) fees for required filings, including form and rate filings, under Title 11,  
23 Subtitles 2 through 4, Title 26, [and] §§ 12-203, 13-110, 14-126, and 27-613 of this article,  
24 AND § 15-311.2 OF THE TRANSPORTATION ARTICLE .....\$125

25 (11) ANNUAL FEE FOR REGISTRATION OF AN OBLIGOR UNDER §  
26 15-311.2 OF THE TRANSPORTATION ARTICLE.....\$25

27 Article - Transportation

28 15-311.2.

29 (a) (1) [For the purposes of] IN this section, THE FOLLOWING WORDS HAVE  
30 THE MEANINGS INDICATED.

1           (2) (I) [the term] ~~“mechanical”~~ **“MECHANICAL** repair contract” means  
 2 any agreement or contract sold by a licensed vehicle dealer **OR THE AN PERSON**  
 3 ~~OBLIGATED UNDER THE AGREEMENT OR CONTRACT OBLIGOR~~ under which a  
 4 ~~specified provider~~ **THE OBLIGOR** agrees to perform over a fixed period of time, for a  
 5 specific duration, and for a specific identifiable price, [services relating to the maintenance  
 6 or repair of a motor vehicle,] provided that the purchase of the contract is optional to the  
 7 purchaser~~], ANY OF THE FOLLOWING SERVICES:~~

8           ~~(I)~~ **1. THE REPAIR, REPLACEMENT, OR MAINTENANCE OF A**  
 9 **MOTOR VEHICLE, OR THE INDEMNIFICATION FOR THE REPAIR, REPLACEMENT, OR**  
 10 **MAINTENANCE OF A MOTOR VEHICLE, FOR THE OPERATIONAL OR STRUCTURAL**  
 11 **FAILURE OF THE MOTOR VEHICLE DUE TO A DEFECT IN MATERIALS, WORKMANSHIP,**  
 12 **OR NORMAL WEAR AND TEAR, WITH OR WITHOUT ADDITIONAL PROVISIONS FOR**  
 13 **INCIDENTAL PAYMENT OF INDEMNITY FOR SERVICES INCLUDING TOWING, RENTAL**  
 14 **AND EMERGENCY ROAD SERVICE, AND ROAD HAZARD PROTECTION;**

15           ~~(II)~~ **2. THE REPAIR, REPLACEMENT, OR MAINTENANCE OF A**  
 16 **MOTOR VEHICLE FOR THE OPERATIONAL OR STRUCTURAL FAILURE OF ONE OR**  
 17 **MORE PARTS OR SYSTEMS OF THE MOTOR VEHICLE BROUGHT ABOUT BY THE**  
 18 **FAILURE OF AN ADDITIVE PRODUCT TO PERFORM AS REPRESENTED;**

19           ~~(III)~~ **3. THE REPAIR OR REPLACEMENT OF TIRES OR WHEELS**  
 20 **ON A MOTOR VEHICLE DAMAGED AS A RESULT OF COMING INTO CONTACT WITH**  
 21 **ROAD HAZARDS, INCLUDING POTHoles, ROCKS, WOOD DEBRIS, METAL PARTS,**  
 22 **GLASS, PLASTIC, CURBS, OR COMPOSITE SCRAPS;**

23           ~~(IV)~~ **4. THE REMOVAL AND REPAIR OF DENTS, DINGS, OR**  
 24 **CREASES ON A MOTOR VEHICLE USING THE PROCESS OF PAINTLESS DENT REMOVAL;**

25           ~~(V)~~ **5. THE REPAIR OF CHIPS OR CRACKS IN, OR THE**  
 26 **REPLACEMENT OF, MOTOR VEHICLE WINDSHIELDS AS A RESULT OF DAMAGE**  
 27 **CAUSED BY ROAD HAZARDS;**

28           ~~(VI)~~ **6. THE REPLACEMENT OF A MOTOR VEHICLE KEY OR**  
 29 **KEY FOB IF THE KEY OR KEY FOB BECOMES INOPERABLE OR IS LOST OR STOLEN; OR**

30           ~~(VII)~~ **7. OTHER SERVICES OR PRODUCTS THAT MAY BE**  
 31 **APPROVED BY THE INSURANCE COMMISSIONER IF CONSISTENT WITH THE**  
 32 **PROVISIONS OF THIS SECTION.**

33           ~~(2)~~ (II) [The term “mechanical] **“MECHANICAL** repair contract”  
 34 includes[, but is not limited to,] extended warranties and extended service contracts.

1           ~~(3)~~    **(III) “MECHANICAL REPAIR CONTRACT” DOES NOT INCLUDE**  
 2 **WARRANTIES:**

3           ~~(I)~~    **1.    WARRANTIES** UNDER THE MAGNUSON-MOSS  
 4 **WARRANTY ACT, 15 U.S.C. § 2301, ET SEQ., OR CONTRACTS;**

5           ~~(II)~~   **2.    CONTRACTS** OR AGREEMENTS FOR REGULAR  
 6 **MAINTENANCE ONLY; OR**

7           ~~(III)~~ **3.    AN AGREEMENT BETWEEN A MOTOR CLUB, AS**  
 8 **DEFINED IN § 26-101 OF THE INSURANCE ARTICLE, AND A MEMBER OR SUBSCRIBER**  
 9 **OF THE MOTOR CLUB.**

10           **(3) (I) “OBLIGOR” MEANS THE PERSON SPECIFIED IN A**  
 11 **MECHANICAL REPAIR CONTRACT THAT IS CONTRACTUALLY OBLIGATED TO**  
 12 **PERFORM THE SERVICES SET FORTH IN THE MECHANICAL REPAIR CONTRACT.**

13           **(II) “OBLIGOR” DOES NOT INCLUDE AN INSURER THAT**  
 14 **PROVIDES INSURANCE COVERAGE IN ACCORDANCE WITH SUBSECTION (B) OF THIS**  
 15 **SECTION.**

16           (b) (1) ~~(I) A provider of services~~ **AN OBLIGOR** under a mechanical repair  
 17 contract shall maintain adequate insurance reserves, as defined by the Insurance  
 18 Commissioner, for each such contract for the protection of the purchasing consumer.

19           **(II)** A policy of insurance providing coverage for all obligations and  
 20 liabilities incurred by ~~a provider~~ **AN OBLIGOR** under the terms of a mechanical repair  
 21 contract shall constitute adequate insurance reserves.

22           (2) The reserves shall be maintained with an insurer authorized to do  
 23 business in Maryland on an admitted or surplus lines basis.

24           (3) A purchaser of a mechanical repair contract shall be entitled to make a  
 25 direct claim against the insurer issuing a policy of insurance under this subsection upon  
 26 failure of the ~~specified provider~~ **OBLIGOR** to pay any claim or make any refund or  
 27 consideration due within 60 days after the proof is filed with the ~~provider~~ **OBLIGOR.**

28           ~~(4) A MECHANICAL REPAIR CONTRACT IS NOT REQUIRED TO BE FILED~~  
 29 ~~**FOR APPROVAL WITH THE INSURANCE COMMISSIONER.**~~

30           **(4) (I) BEFORE AT LEAST 45 DAYS BEFORE SELLING A**  
 31 **MECHANICAL REPAIR CONTRACT, THE OBLIGOR SHALL FILE THE CONTRACT WITH**  
 32 **THE INSURANCE COMMISSIONER ALONG WITH EVIDENCE THAT THE OBLIGOR**  
 33 **MAINTAINS ADEQUATE INSURANCE RESERVES AS REQUIRED UNDER THIS SECTION.**

1                    (II) ~~A~~ EXCEPT AS PROVIDED IN SUBPARAGRAPHS (IV) THROUGH  
2 (VII) OF THIS PARAGRAPH, A FILING REQUIRED UNDER THIS SUBSECTION IS NOT  
3 SUBJECT TO THE APPROVAL OF THE INSURANCE COMMISSIONER.

4                    (III) ~~THE COMMISSIONER MAY ORDER AN OBLIGOR TO CEASE~~  
5 ~~AND DESIST FROM ALL SALES OF:~~

6                    1. ~~MECHANICAL REPAIR CONTRACTS IF THE OBLIGOR~~  
7 ~~FAILS TO DEMONSTRATE THAT THE OBLIGOR MAINTAINS ADEQUATE INSURANCE~~  
8 ~~RESERVES;~~

9                    2. ~~A SPECIFIED MECHANICAL REPAIR CONTRACT IF~~  
10 ~~THAT CONTRACT FAILS TO DISCLOSE THE RIGHT OF THE PURCHASER TO MAKE A~~  
11 ~~DIRECT CLAIM AGAINST THE INSURER AS REQUIRED UNDER THIS SUBSECTION; AND~~

12                    3. ~~A SPECIFIED MECHANICAL REPAIR CONTRACT IF~~  
13 ~~THAT CONTRACT OTHERWISE VIOLATES THIS SECTION.~~

14                    (IV) ~~A CEASE AND DESIST ORDER ISSUED UNDER THIS SECTION~~  
15 ~~SHALL MEET THE PROCEDURAL REQUIREMENTS FOR THE ISSUANCE OF A CEASE~~  
16 ~~AND DESIST ORDER UNDER § 27-103 OF THE INSURANCE ARTICLE.~~

17                    (III) AN OBLIGOR THAT IS REQUIRED TO FILE A MECHANICAL  
18 REPAIR CONTRACT UNDER THIS SUBSECTION SHALL PAY A FILING FEE AS PROVIDED  
19 IN § 2-112(A)(9) OF THE INSURANCE ARTICLE.

20                    (IV) THE COMMISSIONER MAY INVESTIGATE AND DETERMINE  
21 WHETHER A MECHANICAL REPAIR CONTRACT FILED UNDER THIS PARAGRAPH IS IN  
22 COMPLIANCE WITH THIS SECTION.

23                    (V) IF, AFTER A HEARING, THE COMMISSIONER FINDS THAT A  
24 MECHANICAL REPAIR CONTRACT IS NOT IN COMPLIANCE WITH THIS SECTION, THE  
25 COMMISSIONER SHALL ISSUE AN ORDER THAT REQUIRES THAT USE OF THE  
26 MECHANICAL REPAIR CONTRACT BE DISCONTINUED AFTER A DATE SPECIFIED IN  
27 THE ORDER.

28                    (VI) PENDING A HEARING, THE COMMISSIONER MAY ISSUE AN  
29 ORDER THAT SUSPENDS USE OF A MECHANICAL REPAIR CONTRACT FILED BY AN  
30 OBLIGOR IF THE COMMISSIONER HAS REASONABLE CAUSE TO BELIEVE THAT:

31                    1. THE MECHANICAL REPAIR CONTRACT IS IN  
32 VIOLATION OF THIS SECTION;

1                   **2. UNLESS THE ORDER OF SUSPENSION IS ISSUED,**  
2 **PURCHASERS OF THE MECHANICAL REPAIR CONTRACT WILL SUFFER IRREPARABLE**  
3 **HARM;**

4                   **3. THE HARM THAT PURCHASERS OF THE MECHANICAL**  
5 **REPAIR CONTRACT WILL SUFFER IN THE ABSENCE OF THE ORDER OF SUSPENSION**  
6 **OUTWEIGHS THE HARM THAT THE OBLIGOR WOULD SUFFER IF THE ORDER OF**  
7 **SUSPENSION WERE ISSUED; AND**

8                   **4. THE ORDER OF SUSPENSION WILL NOT CAUSE**  
9 **SUBSTANTIAL HARM TO THE PUBLIC.**

10                   **(VII) UNLESS THE OBLIGOR WAIVES A HEARING, THE**  
11 **COMMISSIONER:**

12                   **1. SHALL HOLD A HEARING WITHIN 15 BUSINESS DAYS**  
13 **AFTER ISSUING THE ORDER OF SUSPENSION; AND**

14                   **2. WITHIN 15 BUSINESS DAYS AFTER THE CONCLUSION**  
15 **OF THE HEARING, SHALL MAKE A DETERMINATION AND ISSUE AN ORDER AS TO**  
16 **WHETHER THE MECHANICAL REPAIR CONTRACT SHOULD BE DISAPPROVED.**

17                   **(C) (1) AN OBLIGOR SHALL REGISTER WITH THE INSURANCE**  
18 **COMMISSIONER EACH YEAR.**

19                   **(2) AS PART OF REGISTRATION, AN OBLIGOR SHALL PROVIDE THE**  
20 **FOLLOWING INFORMATION FOR REGISTRATION WITH THE COMMISSIONER:**

21                   **(I) THE NAME, CORPORATE ADDRESS, AND TELEPHONE**  
22 **NUMBER OF THE OBLIGOR;**

23                   **(II) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF AN**  
24 **INDIVIDUAL DESIGNATED TO RECEIVE CORRESPONDENCE ON BEHALF OF THE**  
25 **OBLIGOR; AND**

26                   **(III) THE NAME AND ADDRESS OF A DESIGNATED AGENT**  
27 **AUTHORIZED TO ACCEPT SERVICE ON BEHALF OF THE OBLIGOR IN THE STATE.**

28                   **(3) AN OBLIGOR SHALL NOTIFY THE COMMISSIONER WITHIN 30 DAYS**  
29 **OF ANY CHANGE TO THE REGISTRATION INFORMATION REQUIRED UNDER THIS**  
30 **SUBSECTION.**



1           (4) AN OBLIGOR THAT IS REQUIRED TO REGISTER UNDER THIS  
2 SECTION SHALL PAY AN ANNUAL REGISTRATION FEE ~~OF \$25~~ AS PROVIDED IN §  
3 2-112(A)(11) OF THE INSURANCE ARTICLE.

4           (5) (I) OTHER THAN A LICENSED VEHICLE DEALER, A PERSON  
5 THAT IS NOT A REGISTERED OBLIGOR UNDER THIS SUBTITLE MAY NOT OFFER, SELL,  
6 OR NEGOTIATE A MECHANICAL REPAIR CONTRACT.

7                     (II) THE COMMISSIONER MAY PURSUE AN ACTION AGAINST A  
8 PERSON THAT VIOLATES THIS PARAGRAPH.

9           (6) SUBJECT TO PARAGRAPH (7) OF THIS SUBSECTION, THE  
10 COMMISSIONER SHALL REGISTER EACH OBLIGOR THAT MEETS THE REQUIREMENTS  
11 OF THIS SECTION.

12           (7) THE COMMISSIONER MAY DENY A REGISTRATION TO AN  
13 APPLICANT OR REFUSE TO RENEW, SUSPEND, OR REVOKE THE REGISTRATION OF A  
14 REGISTRANT, AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING UNDER §§ 2-210  
15 THROUGH 2-214 OF THE INSURANCE ARTICLE, IF THE APPLICANT OR REGISTRANT,  
16 OR AN OFFICER, DIRECTOR, OR EMPLOYEE OF THE APPLICANT OR REGISTRANT:

17                     (I) MAKES A MATERIAL MISSTATEMENT OR  
18 MISREPRESENTATION IN AN APPLICATION FOR REGISTRATION;

19                     (II) FRAUDULENTLY OR DECEPTIVELY OBTAINS OR ATTEMPTS  
20 TO OBTAIN A REGISTRATION FOR THE APPLICANT, THE REGISTRANT, OR ANOTHER  
21 PERSON;

22                     (III) HAS BEEN CONVICTED OF A FELONY OR OF A MISDEMEANOR  
23 INVOLVING MORAL TURPITUDE IN CONNECTION WITH THE SALE, SOLICITATION,  
24 NEGOTIATION, OR ADMINISTRATION OF A MECHANICAL REPAIR CONTRACT;

25                     (IV) COMMITS FRAUD OR ENGAGES IN ILLEGAL OR DISHONEST  
26 ACTIVITIES IN CONNECTION WITH THE ADMINISTRATION OF A MECHANICAL REPAIR  
27 CONTRACT; OR

28                     (V) HAS VIOLATED ANY PROVISION OF THIS SECTION OR A  
29 REGULATION ADOPTED UNDER THIS SECTION.

30           (8) INSTEAD OF, OR IN ADDITION TO, SUSPENDING OR REVOKING A  
31 REGISTRATION, THE COMMISSIONER MAY IMPOSE ON THE REGISTRANT A CIVIL  
32 PENALTY OF NOT LESS THAN \$100 BUT NOT EXCEEDING \$1,000 FOR EACH VIOLATION  
33 OF THIS SECTION.

1 ~~(D)~~ **(D)** A mechanical repair contract shall be offered in addition to any express  
2 warranty originally included as part of the contract for sale of a new motor vehicle.

3 ~~(E)~~ **(E)** A mechanical repair contract shall clearly and conspicuously set forth  
4 the date when the warranty begins.

5 ~~(F)~~ **(F)** A mechanical repair contract shall clearly and conspicuously set forth the  
6 date or the odometer reading at which the warranty expires and the name and address of  
7 the insurer issuing the policy of insurance as described in subsection (b) of this section.

8 ~~(G)~~ **(G)** The repair of a malfunction or defect covered under a mechanical repair  
9 contract shall include the cost of the teardown and diagnosing the malfunction or defect.

10 ~~(H)~~ **(H)** The provisions of the Maryland Consumer Products Guaranty Act, Title  
11 14, Subtitle 4 of the Commercial Law Article, apply to a mechanical repair contract sold by  
12 ~~a licensed vehicle dealer~~ **IN THE STATE.**

13 ~~(I)~~ **(I)** The provisions of this section do not apply to mechanical repair contracts  
14 issued by the motor vehicle manufacturer or the distributor or a wholly owned subsidiary  
15 of the manufacturer or the distributor as defined in § 15-201 of this title.

16 ~~(J)~~ **(J)** Notwithstanding subsection ~~(I)~~ **(I)** of this section, licensed vehicle dealers  
17 **AND OBLIGORS** who sell mechanical repair contracts shall have the same obligations as a  
18 seller under § 2-314 of the Commercial Law Article.

19 ~~(K)~~ **(K)** ~~A PERSON WHO THAT IS NOT A MANUFACTURER,~~  
20 ~~MANUFACTURER'S SUBSIDIARY, DISTRIBUTOR, FACTORY BRANCH, OR DEALER AND~~  
21 ~~WHO SELLS A MECHANICAL REPAIR CONTRACT MAY NOT, DIRECTLY OR INDIRECTLY,~~  
22 **MAKE A FALSE, DECEPTIVE, OR MISLEADING STATEMENT WITH RESPECT TO:**

23 **(1) THE PERSON'S AFFILIATION WITH A MOTOR VEHICLE**  
24 **MANUFACTURER, MANUFACTURER'S SUBSIDIARY, DISTRIBUTOR, FACTORY**  
25 **BRANCH, OR DEALER;**

26 **(2) THE PERSON'S POSSESSION OF INFORMATION REGARDING THE**  
27 **MANUFACTURER'S ORIGINAL EQUIPMENT WARRANTY FOR A MOTOR VEHICLE;**

28 **(3) THE EXPIRATION OF A MANUFACTURER'S ORIGINAL EQUIPMENT**  
29 **WARRANTY FOR A MOTOR VEHICLE; OR**

30 **(4) A REQUIREMENT THAT A MOTOR VEHICLE OWNER REGISTER FOR**  
31 **A NEW MECHANICAL REPAIR CONTRACT WITH THE PERSON IN ORDER TO MAINTAIN**  
32 **COVERAGE UNDER THE OWNER'S CURRENT MECHANICAL REPAIR CONTRACT OR**  
33 **THE MANUFACTURER'S ORIGINAL EQUIPMENT WARRANTY.**

1 (L) EXCEPT AS EXPRESSLY PROVIDED UNDER THIS SECTION, AN OBLIGOR  
 2 THAT COMPLIES WITH THIS SECTION IS NOT REQUIRED TO COMPLY WITH ANY OTHER  
 3 PROVISIONS OF THE INSURANCE ARTICLE.

4 (M) UNLESS SPECIFICALLY DESCRIBED IN SUBSECTION ~~(A)(1)~~ (A)(2) OF  
 5 THIS SECTION, A MECHANICAL REPAIR CONTRACT MAY NOT PROVIDE  
 6 INDEMNIFICATION FOR A LOSS CAUSED BY COLLISION OR BY PERILS THAT ARE  
 7 COMMONLY COVERED BY COMPREHENSIVE OR COLLISION PROVISIONS OF A MOTOR  
 8 VEHICLE INSURANCE POLICY.

9 (N) IN ADDITION TO ANY APPLICABLE DISCLOSURES REQUIRED BY THE  
 10 MARYLAND CONSUMER PRODUCTS GUARANTY ACT, (TITLE 14, SUBTITLE 4 OF THE  
 11 COMMERCIAL LAW ARTICLE), A MECHANICAL REPAIR CONTRACT SHALL INCLUDE  
 12 THE FOLLOWING DISCLOSURES:

13 (1) THE NAME, CORPORATE ADDRESS, AND TELEPHONE NUMBER OF  
 14 THE OBLIGOR AND THE MECHANICAL REPAIR CONTRACT SELLER; AND

15 (2) THE RIGHT OF THE PURCHASER OF THE MECHANICAL REPAIR  
 16 CONTRACT TO MAKE A DIRECT CLAIM AGAINST THE INSURER ISSUING A POLICY OF  
 17 INSURANCE AS PROVIDED IN SUBSECTION (B)(3) OF THIS SECTION.

18 27-101.

19 (FF) A PERSON THAT IS CONVICTED OF A VIOLATION OF § 15-311.2(C)(5) OF  
 20 THIS ARTICLE:

21 (1) IS SUBJECT TO A FINE OF NOT MORE THAN \$1,000 OR  
 22 IMPRISONMENT FOR NOT MORE THAN 1 YEAR OR BOTH; AND

23 (2) MAY BE REQUIRED TO PAY RESTITUTION.

24 SECTION 2. AND BE IT FURTHER ENACTED, That:

25 (a) An obligor engaging in mechanical repair contract transactions on or before  
 26 the effective date of this Act must register with the Insurance Commissioner within 90 days  
 27 after the registration application is made available.

28 (b) A person not engaging in mechanical repair contract transactions on the  
 29 effective date of this Act must register with the Insurance Commissioner under this Act  
 30 before offering a mechanical repair contract for sale.

31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 32 October 1, 2015.