

PAMELA G. BEIDLE  
Legislative District 32  
Anne Arundel County

Finance Committee

*Vice Chair*

Executive Nominations Committee



James Senate Office Building  
11 Bladen Street, Room 202  
Annapolis, Maryland 21401  
410-841-3593 · 301-858-3593  
800-492-7122 Ext. 3593  
Pamela.Beidle@senate.state.md.us

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

February 24, 2022

**SB 697**

**Vehicle Laws – Mechanical Repair Contracts – Insurance Reserves**

Good Afternoon Chair Kelley, Vice Chair Feldman and Members of the Committee:

Thank you for the opportunity to present SB 697, Mechanical Repair Contracts, Insurance Reserves. SB697 is a technical bill dealing primarily with the insurance requirement to sell mechanical repair contracts in the state. A mechanical repair contract is an optional product that a car owner can purchase to cover repairs and replacements if there is an operational or structural failure of the car.

The sale of mechanical repair contracts and the companies that sell them are regulated under the Transportation Article by the Maryland Insurance Administration, including a requirement that the company register with the MIA and provide proof that it carries a Comprehensive Liability Insurance Policy – called a “CLIP” for short -- to ensure that claims under the company’s contracts in the state are paid as agreed.

This bill clarifies that there are two types of comprehensive liability policies that are allowed to be used. Both types protect consumers by making sure that their claims are paid as agreed.

The second thing this bill would do is allow the insurance policy to be issued by a risk retention group properly registered with the MIA in addition to an insurance company.

I have submitted one clarifying sponsor amendment that I am requesting be made to the bill.

Marta Harting is here to testify and provide additional information about the bill.

I urge the Committee to report SB 697 favorably with the sponsor amendment I have offered.