

testimony2025hb1046cross.pdf

Uploaded by: Franz Schneiderman

Position: FAV



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the Senate Finance Committee
HB 1046 – Mechanical Repair Contracts – Technical Service Bulletins
Position: Favorable

The Honorable Pam Beidle
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

March 25, 2025

Honorable Chair Beidle and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **HB 1046** because it will protect some consumers against unfair coverage denials under Vehicle Service Contracts for serious and expensive repair issues that manufacturers may have cited in the Technical Service Bulletins (TSBs) about defects and repair issues that car manufacturers often send to their dealers.

Consumers often complain about being treated unfairly by Vehicle Service Contract providers – and not just by the annoying spam calls and emails many of us receive, pushing us again and again to buy or renew such contracts. Consumer advisors often note that VSC's lack the kind of consumer protection federal law gives to auto warranties and tend to be a bad deal financially for consumers.¹ And many of those who've bought the contracts report being surprised by seemingly arbitrary exclusions in their coverage; like Delegate Bagnall, many drivers are shocked and financially hurt when they learn that their VSC provider will not cover some expensive repair because it may have been mentioned in a service bulletin or for some other dubious reason.

Indeed, in July 2024, the Federal Trade Commission fined CarShield (one of the leading VSC vendors) \$10 million for misleading marketing, and because "many purchasers found that many repairs were not 'covered,' despite making payment of up to \$120 per month."² In a 2021 study the Better Business Bureau of Missouri reported receiving more than 15,000 consumer complaints about VSCs just from within its own territory; the BBB found that "reports of misleading mail solicitations, high-pressure sales pitches and denial of previously promised coverage claims [by VSC providers] are common."³

Preventing VSC providers from refusing to pay for a repair otherwise covered by the service contract, as **HB 1046** would do, would certainly protect some drivers against some of these unfair

¹ <https://www.consumerreports.org/cars/car-repair/get-an-extended-warranty-for-your-car-a1570471227/>

²² <https://www.ftc.gov/news-events/news/press-releases/2024/07/carshield-nationwide-seller-vehicle-service-contracts-pay-10-million-resolve-federal-trade>

³ <https://www.bbb.org/content/dam/0734-st-louis/vsc-study/VEHICLE%20SERVICE%20CONTRACT%20INDUSTRY%20v8.pdf>



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

coverage denials – which can leave drivers stuck with bills for hundreds or even thousands of dollars for repairs they thought their service contracts would cover.

Such service bulletins often address serious car defects that manufacturers have learned about as drivers bring their cars in for repairs from their dealers. If a defect leads to a safety recall, manufacturers are required to provide repairs – at no expense to the car owner. But they are under no such obligation to do so for that great majority of problems cited in service bulletins that don't ever prompt a formal safety recall. While manufacturers sometimes do offer warranty extensions or service campaigns to help their customers get such defects fixed, they are under no legal obligation to do so – and in fact such warranty campaigns are relatively unusual.

So, when a service contract provider refuses to pay for a repair simply because the issue was cited in a service bulletin, a car owner whose vehicle isn't covered by the vehicle's original warranty will usually be stuck either paying out of pocket for an expensive repair or replacing the vehicle, which is likely to be even more costly.

By barring VSC providers from denying claims just because the repair issue "was identified in a technical service bulletin," **HB 1046** will work to prevent such unfair and costly claims denials.

We support HB 1046 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

HB1046 One Pager.pdf

Uploaded by: Heather Bagnall

Position: FAV

HB1046 - Vehicle Service Contracts and Technical Service Bulletins

What is a Vehicle Service Contract (VSC)?

A Vehicle Service Contract is the technical term for an extended warranty. VSC's are commonly available through car manufacturers and third-party dealers (i.e. CarShield).

What is a Technical Service Bulletin (TSB)?

A Technical Service Bulletin is a notice issued by a vehicle manufacturer to service technicians alerting them to common problems with a specific car model. TSB's typically outline the problem and prescribe repair procedures. It is important to note TSB's are not indicative of manufacturer responsibility.

What does HB1046 do?

Currently, some VSC providers wrongly categorize TSB-related repairs as being the manufacturer's responsibility, akin to a recall, allowing them to deny coverage and avoid paying for repairs. This bill closes that loophole, and ensures consumers receive the protection they paid for when purchasing a VSC.

House Bill 1046 prevents Vehicle Service Contracts (VSC's) from using Technical Service Bulletins (TSB's) as sole justification to deny coverage for otherwise eligible vehicle repairs.

Why is HB1046 Necessary?

- **Protects Consumers from Unfair Denials** - Under HB1046 VSC providers would be prohibited from using TSB's to deny otherwise covered repairs.
- **Prevents Deceptive Business Practices** – Third party VSC vendors have a history of unscrupulous business practices. In 2024, the FTC filed a complaint against VSC vendor, CarShield, for deceptive advertising and deliberate efforts to misrepresent the terms of their contracts. HB1046 is a step toward ensuring transparency and accountability in VSC agreements.
- **Protects consumers from Unexpected Costs** - Many drivers purchase VSC's expecting coverage, only to have their coverage voided by the existence of a TSB, forcing them to pay out of pocket for costly vehicle fixes. HB1046 would prevent this financial burden and guarantee consumers receive the coverage they paid for



HB1046_FAV_Sponsor_Senate.pdf

Uploaded by: Heather Bagnall

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

25 March 2025

HB1046 – Insurance Protections for Vehicle Service Contracts

Madame Chair, Vice Chair, and members of the Finance Committee. Thank you for the opportunity to present House Bill 1046.

Last year I introduced [HB695](#) (2024), which would have required that consumers be notified of technical service bulletins (TSB's) for a motor vehicle at the point of sale of the vehicle. HB1046 tackles a related issue regarding the relationship between TSB's and vehicle service contracts.

Vehicle service contracts (VSC's) purport to cover the cost of unexpected repairs on vehicles with expired manufacturer warranties. The terms of these contracts vary widely in price, length, and coverage. In theory, VSC's offer peace of mind and financial protections to consumers looking to hedge themselves against pricey vehicle repairs. However, in practice, vendors will obscure the true extent of VSC coverage, leaving customers frustrated and without the protections they expect.

As amended, House Bill 1046 looks to provide protections for consumers who choose to enter a VSC for their car. The bill prohibits VSC's from using TSB's as sole justification for denials. One of the ways in which current law fails to provide those protections for consumers is in how VSC's are regulated with regards to TSB's. Many VSC's *do* provide coverage for issues shared in service bulletins; however, some VSC's contain language preventing coverage of TSB's since they consider TSB's a "notice of manufacturer responsibility," in the same vein as a recall. This is deceptive, as a TSB is not an admittance of responsibility by a manufacturer to fix an issue with a vehicle. Prohibiting TSB's from being used as justification for denial of service under a VSC would address this gap in responsibility.

I am working on a solution with dealers to address broader issues in how technical service bulletins are shared with consumers, but in the meantime, HB1046 protects consumers by ensuring technical service bulletins cannot be used as the only justification for denying a service under a vehicle service contract. I respectfully ask for a favorable report on HB1046, as amended in the House.

decrim workgroup HB 1066 FAV MDDCSAM.pdf

Uploaded by: Joseph Adams, MD

Position: FAV



MDDCSAM is the Maryland state chapter of the American Society of Addiction Medicine whose members are physicians and other health providers who treat people with substance use disorders.

HB 1066

Commission on Behavioral Health Care Treatment and Access - Membership and Workgroups
Hearing March 25, 2025 Senate Finance Committee

FAVORABLE

Greetings Chair Pena-Melnyk, Vice-Chair Cullison, and members of the committee,

(NOTE THAT MEDCHI ALSO SUPPORTS THIS BILL)

The new workgroup called for in this bill promises to **finally inform the overarching dichotomy** in our **approach to substance use disorder (SUD)**. For decades, well-intentioned advocates have argued for or against **a criminal legal approach to addictions on the one hand, vs. a person-centered, decriminalization, harm-reduction, treatment & recovery approach on the other.**

We are confident that the evidence supports the latter. Yet, apparently, doubt remains on the part of legislators and the public.

We have all heard **the anecdotes of individuals who finally overcame addiction while incarcerated. We're sure this occurs, but it is the exception to the rule.** Anecdotes are not evidence.

It seems obvious to our side that **the immense harms of incarceration make it vastly harder to attain recovery** – for individuals, families and communities. We know from years of helping others that **employment, education, housing and financial stability are keys to recovery**, even when reaching these steps sometimes take years. We know this because it is how we, as experts, help individuals move toward recovery. **Each of these building blocks become difficult or impossible to reach after incarceration, often blocking the path to recovery like a brick wall.**

The new workgroup would examine treatment outcomes for individuals referred for SUD through the criminal justice system compared to those who seek treatment voluntarily. To the extent that there is still uncertainty in this age-old debate, which continues to block progress, we need to collectively study this overarching question – once and for all – and achieve clarity so we can finally accelerate progress.

Respectfully,

Joseph A. Adams, MD, FASAM, on behalf of the MD-DC Society of Addiction Medicine
For identification: Chair of the MedChi Opioid, Pain & Addiction Committee

The Maryland-DC Society of Addiction Medicine

<https://md-dcsam.org>

info@md-dcsam.org

HB 1046 Crossover Letter of Support.pdf

Uploaded by: Karen Straughn

Position: FAV

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

SHARON S. MERRIWEATHER
Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement



**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
MEDIATION UNIT**

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

KAREN S. STRAUGHN
Unit Director

PETER V. BERNIS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

410-576-7942
kstraughn@oag.state.md.us
Fax: 410-576-7040

March 25, 2025

To: The Honorable Pamela Beidle
Chair, Finance Committee

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 1046 – Insurance Protections for Vehicle Service Contracts (FAVORABLE)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 1046 submitted by Delegate Heather Bagnall. The bill would prohibit extended warranties from excluding coverage on claims simply because the auto manufacturer has issued a Technical Service Bulletin (TSB) related to the defect.

A TSB is a document that provides instructions to dealers for repairing non-safety related problems. TSBs are usually issued by manufacturers when a problem occurs in multiple vehicles that does not rise to the level of a recall. While manufacturers are required to notify consumers of a recall; manufacturers and dealers are not required to disclose TSBs to consumers. It is both unfair and unreasonable for an extended warranty to exclude or fail to pay a claim because of the existence of a TSB that the consumer had no reason to know about or that may have been issued prior to the consumer purchasing the vehicle.

Auto manufacturers create TSBs after receiving multiple complaints or warranty claims about a problem, even if they do not currently have a solution to that problem. They can apply to a specific model or an entire product line and generally include instructions for repairs, software updates or modifications.

These bulletins are issued to repair shops and dealerships, but most consumers are unaware when a TSB has been issued that may affect their vehicle. As a result, when a problem occurs, it is usually too late to take the necessary precautions to have the manufacturer or dealer repair the item described in the TSB. In addition, if the vehicle is outside of the manufacturer warranty, these may be very expensive to repair and leave a consumer with no recourse if the vehicle service contract denies coverage solely based on the existence of a TSB.

For these reasons, we ask that the Finance Committee issue a favorable report on this bill.

cc: The Honorable Heather Bagnall
Members, Finance Committee