
By: **Delegate Feldman**

Introduced and read first time: March 6, 2006

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law - Consumer Protection - Vehicle Protection Products Act**

3 FOR the purpose of providing that a vehicle protection product may not be sold or
4 offered for sale in the State unless the seller, administrator, and warrantor of
5 the vehicle protection product comply with the provisions of this Act; providing
6 that a seller, an administrator, or a warrantor that complies with this Act is not
7 required to comply with certain provisions of law; requiring a warrantor to
8 register with the Division of Consumer Protection of the Office of the Attorney
9 General on a certain form; specifying certain information that must be included
10 in the form; requiring a warrantor that registers with the Division to pay a
11 certain registration fee and registration renewal fee; requiring certain
12 information to be made available to the public under certain circumstances;
13 exempting certain persons from certain registration requirements; requiring a
14 warrantor to keep certain books, accounts, and records for a certain period of
15 time and to make the books, accounts, and records available for inspection by
16 the Division; requiring a warrantor of a vehicle protection product sold or
17 offered for sale in the State to be insured under a certain warranty
18 reimbursement insurance policy or to maintain a certain amount of net worth or
19 stockholders' equity; requiring a warranty reimbursement insurance policy to
20 contain certain provisions; specifying certain contents of a vehicle protection
21 product warranty; providing for cancellation of a vehicle protection product
22 warranty; requiring a seller or warrantor of a vehicle protection product to
23 provide a written copy of a vehicle protection product warranty to a purchaser at
24 a certain time; prohibiting a vehicle protection product warrantor from using
25 certain words in its name, contracts, or literature; authorizing a vehicle
26 protection product warrantor to use a certain word in its name; prohibiting a
27 vehicle protection product seller or warrantor from requiring as a condition of
28 sale or financing that a purchaser of a vehicle protection product purchase a
29 vehicle protection product that is not installed on a motor vehicle at the time of
30 sale; providing for the resolution of disputes between a vehicle protection
31 product warrantor and a warranty holder; providing that a warrantor is liable to
32 a warranty holder for certain breaches of a vehicle protection product warranty;
33 establishing certain duties of a warrantor; providing that a violation of this Act
34 is an unfair or deceptive trade practice under the Maryland Consumer
35 Protection Act and is subject to certain enforcement and penalty provisions and

1 certain remedies, with a certain exception; providing that the penalty provisions
2 of this Act do not apply to certain violations of this Act under certain
3 circumstances; establishing a certain short title; defining certain terms;
4 providing for the application, construction, and interpretation of this Act;
5 providing for a delayed effective date; and generally relating to the Vehicle
6 Protection Products Act.

7 BY adding to
8 Article - Commercial Law
9 Section 14-4A-01 through 14-4A-13, inclusive, to be under the new subtitle
10 "Subtitle 4A. Vehicle Protection Products Act"
11 Annotated Code of Maryland
12 (2005 Replacement Volume)

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

15 **Article - Commercial Law**

16 **SUBTITLE 4A. VEHICLE PROTECTION PRODUCTS ACT.**

17 14-4A-01.

18 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
19 INDICATED.

20 (B) "ADMINISTRATOR" MEANS A PERSON THAT IS DESIGNATED BY A
21 WARRANTOR TO BE RESPONSIBLE FOR THE ADMINISTRATION OF A VEHICLE
22 PROTECTION PRODUCT WARRANTY.

23 (C) "DIVISION" MEANS THE DIVISION OF CONSUMER PROTECTION OF THE
24 OFFICE OF THE ATTORNEY GENERAL.

25 (D) (1) "INCIDENTAL COSTS" MEANS EXPENSES INCURRED BY A WARRANTY
26 HOLDER RELATING TO THE FAILURE OF A VEHICLE PROTECTION PRODUCT TO
27 PERFORM AS PROVIDED IN A VEHICLE PROTECTION PRODUCT WARRANTY.

28 (2) "INCIDENTAL COSTS" INCLUDE:

29 (I) INSURANCE POLICY DEDUCTIBLES;

30 (II) RENTAL VEHICLE CHARGES;

31 (III) THE DIFFERENCE BETWEEN THE ACTUAL VALUE OF A STOLEN
32 VEHICLE AT THE TIME OF THEFT AND THE COST OF A REPLACEMENT VEHICLE;

33 (IV) SALES TAXES;

34 (V) REGISTRATION FEES;

1 (VI) TRANSACTION FEES; AND

2 (VII) MECHANICAL INSPECTION FEES.

3 (E) (1) "VEHICLE PROTECTION PRODUCT" MEANS A VEHICLE PROTECTION
4 DEVICE, SYSTEM, OR SERVICE THAT:

5 (I) IS INSTALLED ON OR APPLIED TO A VEHICLE;

6 (II) IS SOLD WITH A WRITTEN WARRANTY; AND

7 (III) IS DESIGNED TO PREVENT LOSS OR DAMAGE TO A VEHICLE
8 FROM A SPECIFIC CAUSE.

9 (2) "VEHICLE PROTECTION PRODUCT" INCLUDES:

10 (I) AN ALARM SYSTEM;

11 (II) A BODY PART MARKING PRODUCT;

12 (III) A STEERING LOCK;

13 (IV) A WINDOW ETCH PRODUCT;

14 (V) A PEDAL OR IGNITION LOCK;

15 (VI) A FUEL OR IGNITION KILL SWITCH; AND

16 (VII) AN ELECTRONIC, RADIO, OR SATELLITE TRACKING DEVICE.

17 (F) "VEHICLE PROTECTION PRODUCT WARRANTY" MEANS A WRITTEN
18 AGREEMENT BY A WARRANTOR THAT PROVIDES THAT IF A VEHICLE PROTECTION
19 PRODUCT FAILS TO PREVENT LOSS OR DAMAGE TO A VEHICLE FROM A SPECIFIC
20 CAUSE, THE WARRANTY HOLDER SHALL BE PAID SPECIFIED INCIDENTAL COSTS BY
21 THE WARRANTOR AS A RESULT OF THE FAILURE OF THE VEHICLE PROTECTION
22 PRODUCT TO PERFORM AS PROVIDED IN THE WARRANTY.

23 (G) (1) "WARRANTOR" MEANS A PERSON THAT IS CONTRACTUALLY
24 OBLIGATED TO THE WARRANTY HOLDER UNDER THE TERMS OF THE VEHICLE
25 PROTECTION PRODUCT WARRANTY AGREEMENT.

26 (2) "WARRANTOR" DOES NOT INCLUDE AN AUTHORIZED INSURER THAT
27 ISSUES A WARRANTY REIMBURSEMENT INSURANCE POLICY.

28 (H) "WARRANTY HOLDER" MEANS A PERSON THAT PURCHASES A VEHICLE
29 PROTECTION PRODUCT WARRANTY OR A PERMITTED TRANSFEREE.

30 (I) "WARRANTY REIMBURSEMENT INSURANCE POLICY" MEANS A POLICY OF
31 INSURANCE THAT IS ISSUED TO A WARRANTOR TO:

32 (1) PROVIDE REIMBURSEMENT TO THE WARRANTOR; OR

1 (2) PAY ON BEHALF OF THE WARRANTOR ALL COVERED CONTRACTUAL
2 OBLIGATIONS INCURRED BY THE WARRANTOR UNDER THE TERMS AND CONDITIONS
3 OF THE INSURED VEHICLE PROTECTION PRODUCT WARRANTIES ISSUED BY THE
4 WARRANTOR.

5 14-4A-02.

6 (A) A VEHICLE PROTECTION PRODUCT MAY NOT BE SOLD OR OFFERED FOR
7 SALE IN THE STATE UNLESS THE ADMINISTRATOR, SELLER, AND WARRANTOR
8 COMPLY WITH THE PROVISIONS OF THIS SUBTITLE.

9 (B) AN ADMINISTRATOR, SELLER, OR WARRANTOR OF A VEHICLE PROTECTION
10 PRODUCT THAT COMPLIES WITH THIS SUBTITLE IS NOT REQUIRED TO COMPLY WITH
11 ANY PROVISION OF THE INSURANCE ARTICLE.

12 (C) A SERVICE CONTRACT PROVIDER THAT DOES NOT SELL VEHICLE
13 PROTECTION PRODUCTS IS NOT SUBJECT TO THE REQUIREMENTS OF THIS
14 SUBTITLE.

15 (D) VEHICLE PROTECTION PRODUCT WARRANTIES ARE EXEMPT FROM THE
16 REQUIREMENTS OF SUBTITLE 4 OF THIS TITLE.

17 (E) WARRANTIES, INDEMNITY AGREEMENTS, AND GUARANTEES THAT ARE
18 NOT PROVIDED IN CONNECTION WITH THE SALE OF A VEHICLE PROTECTION
19 PRODUCT ARE NOT SUBJECT TO THE PROVISIONS OF THIS SUBTITLE.

20 14-4A-03.

21 (A) (1) A WARRANTOR OF A VEHICLE PROTECTION PRODUCT SOLD OR
22 OFFERED FOR SALE IN THE STATE SHALL REGISTER WITH THE DIVISION ON THE
23 FORM THE DIVISION PROVIDES.

24 (2) THE REGISTRATION FORM SHALL INCLUDE:

25 (I) THE NAME AND ADDRESS OF THE WARRANTOR, INCLUDING
26 ANY NAME UNDER WHICH THE WARRANTOR DOES BUSINESS;

27 (II) THE NAME AND ADDRESS OF THE REGISTERED AGENT OF THE
28 WARRANTOR, IF ANY;

29 (III) THE NAME OF ONE OR MORE OFFICERS OF THE WARRANTOR
30 WHO ARE DIRECTLY RESPONSIBLE FOR THE WARRANTOR'S VEHICLE PROTECTION
31 PRODUCT BUSINESS;

32 (IV) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF AN
33 ADMINISTRATOR, IF ANY;

34 (V) 1. IF THE WARRANTOR ELECTS TO CARRY WARRANTY
35 REIMBURSEMENT INSURANCE UNDER § 14-4A-05(A)(1) OF THIS SUBTITLE, A COPY OF
36 THE WARRANTOR'S WARRANTY REIMBURSEMENT INSURANCE POLICY; OR

1 (3) THE DATE, AMOUNT, AND DESCRIPTION OF EACH RECEIPT, CLAIM,
2 AND EXPENDITURE.

3 (C) A WARRANTOR SHALL KEEP BOOKS, ACCOUNTS, AND RECORDS RELATING
4 TO A WARRANTY AND WARRANTY HOLDER FOR AT LEAST 2 YEARS FOLLOWING THE
5 EXPIRATION OF THE VEHICLE PROTECTION PRODUCT WARRANTY.

6 (D) A WARRANTOR THAT DISCONTINUES BUSINESS IN THE STATE SHALL
7 MAINTAIN ITS BOOKS, ACCOUNTS, AND RECORDS UNTIL IT CAN PROVE TO THE
8 DIVISION THAT THE WARRANTOR HAS DISCHARGED ALL OBLIGATIONS TO
9 WARRANTY HOLDERS IN THE STATE.

10 (E) ON REQUEST, A WARRANTOR SHALL MAKE ALL BOOKS, ACCOUNTS, AND
11 RECORDS AVAILABLE FOR INSPECTION BY THE DIVISION.

12 14-4A-05.

13 (A) A WARRANTOR OF A VEHICLE PROTECTION PRODUCT SOLD OR OFFERED
14 FOR SALE IN THE STATE SHALL:

15 (1) BE INSURED UNDER A WARRANTY REIMBURSEMENT INSURANCE
16 POLICY; OR

17 (2) MAINTAIN A NET WORTH OR STOCKHOLDERS' EQUITY OF NOT LESS
18 THAN \$50,000,000.

19 (B) A WARRANTOR THAT MEETS ITS FINANCIAL OBLIGATIONS IN
20 ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION IS NOT REQUIRED TO MEET
21 ANY OTHER FINANCIAL SECURITY REQUIREMENTS OR FINANCIAL STANDARDS.

22 (C) IF A WARRANTOR ELECTS TO MEET ITS FINANCIAL OBLIGATIONS IN
23 ACCORDANCE WITH SUBSECTION (A)(2) OF THIS SECTION, THE WARRANTOR'S
24 PARENT COMPANY, IF ANY, SHALL GUARANTEE THE OBLIGATIONS OF THE
25 WARRANTOR RELATING TO WARRANTIES ISSUED BY THE WARRANTOR IN THE STATE.

26 (D) IF A WARRANTOR ELECTS TO CARRY WARRANTY REIMBURSEMENT
27 INSURANCE UNDER SUBSECTION (A)(1) OF THIS SECTION, THE WARRANTY
28 REIMBURSEMENT INSURANCE POLICY PURCHASED BY THE WARRANTOR SHALL
29 PROVIDE:

30 (1) THAT THE INSURER WILL PAY TO, OR ON BEHALF OF, THE
31 WARRANTOR 100% OF ALL SUMS THAT THE WARRANTOR IS LEGALLY OBLIGATED TO
32 PAY A WARRANTY HOLDER ACCORDING TO THE WARRANTOR'S CONTRACTUAL
33 OBLIGATIONS UNDER THE WARRANTOR'S VEHICLE PROTECTION PRODUCT
34 WARRANTY;

35 (2) THAT, IN THE EVENT PAYMENT DUE UNDER THE TERMS OF THE
36 VEHICLE PROTECTION PRODUCT WARRANTY IS NOT PROVIDED BY THE WARRANTOR
37 WITHIN 60 DAYS AFTER PROOF OF LOSS HAS BEEN FILED BY THE WARRANTY
38 HOLDER IN ACCORDANCE WITH THE TERMS OF THE VEHICLE PROTECTION PRODUCT

1 WARRANTY, THE WARRANTY HOLDER MAY FILE A CLAIM FOR REIMBURSEMENT
2 DIRECTLY WITH THE INSURER;

3 (3) THAT THE INSURER SHALL BE DEEMED TO HAVE RECEIVED
4 PAYMENT OF THE PREMIUM IF THE WARRANTY HOLDER PAID THE WARRANTOR FOR
5 THE VEHICLE PROTECTION PRODUCT WARRANTY;

6 (4) THAT THE INSURER'S LIABILITY UNDER THE WARRANTY
7 REIMBURSEMENT INSURANCE POLICY SHALL NOT BE REDUCED OR RELIEVED BY A
8 FAILURE OF THE WARRANTOR, FOR ANY REASON, TO REPORT THE ISSUANCE OF A
9 WARRANTY TO THE INSURER; AND

10 (5) THAT, WITH REGARD TO CANCELLATION OF THE WARRANTY
11 REIMBURSEMENT INSURANCE POLICY:

12 (I) THE INSURER MAY NOT CANCEL THE WARRANTY
13 REIMBURSEMENT INSURANCE POLICY UNTIL A WRITTEN NOTICE OF CANCELLATION
14 HAS BEEN MAILED OR DELIVERED TO THE INSURED WARRANTOR;

15 (II) THE CANCELLATION OF A WARRANTY REIMBURSEMENT
16 INSURANCE POLICY MAY NOT REDUCE THE INSURER'S RESPONSIBILITY FOR
17 VEHICLE PROTECTION PRODUCTS SOLD BEFORE THE DATE OF CANCELLATION; AND

18 (III) IN THE EVENT AN INSURER CANCELS A WARRANTY
19 REIMBURSEMENT INSURANCE POLICY, THE WARRANTOR:

20 1. SHALL DISCONTINUE ACTING AS A WARRANTOR AS OF
21 THE TERMINATION DATE OF THE WARRANTY REIMBURSEMENT INSURANCE POLICY
22 UNTIL A NEW WARRANTY REIMBURSEMENT INSURANCE POLICY BECOMES
23 EFFECTIVE; AND

24 2. ON OBTAINING A NEW WARRANTY REIMBURSEMENT
25 INSURANCE POLICY, SHALL FILE A COPY OF THE NEW WARRANTY REIMBURSEMENT
26 INSURANCE POLICY WITH THE DIVISION.

27 14-4A-06.

28 (A) A VEHICLE PROTECTION PRODUCT WARRANTY SHALL STATE:

29 (1) ONE OF THE FOLLOWING, AS APPLICABLE:

30 (I) "THE OBLIGATIONS OF THE WARRANTOR TO THE WARRANTY
31 HOLDER UNDER THIS WARRANTY ARE GUARANTEED UNDER A WARRANTY
32 REIMBURSEMENT INSURANCE POLICY. IN THE EVENT PAYMENT DUE UNDER THE
33 TERMS OF THE VEHICLE PROTECTION PRODUCT WARRANTY IS NOT PROVIDED BY
34 THE WARRANTOR WITHIN 60 DAYS AFTER PROOF OF LOSS HAS BEEN FILED BY THE
35 WARRANTY HOLDER IN ACCORDANCE WITH THE TERMS OF THE VEHICLE
36 PROTECTION PRODUCT WARRANTY, THE WARRANTY HOLDER MAY FILE A CLAIM
37 DIRECTLY WITH THE INSURER THAT ISSUED THE WARRANTY REIMBURSEMENT
38 INSURANCE POLICY."; OR

1 (II) "THE OBLIGATIONS OF THE WARRANTOR TO THE WARRANTY
2 HOLDER UNDER THIS WARRANTY ARE BACKED BY THE FULL FAITH AND CREDIT OF
3 THE WARRANTOR.";

4 (2) THE NAME AND ADDRESS OF THE INSURER THAT ISSUED THE
5 WARRANTY REIMBURSEMENT INSURANCE POLICY TO THE WARRANTOR, IF
6 APPLICABLE;

7 (3) THE NAME AND ADDRESS OF THE WARRANTOR, THE SELLER OF THE
8 VEHICLE PROTECTION PRODUCT, AND THE WARRANTY HOLDER;

9 (4) THE PURCHASE PRICE AND TERMS OF THE VEHICLE PROTECTION
10 PRODUCT WARRANTY, INCLUDING A RECITAL OF THE WARRANTOR'S OBLIGATIONS
11 UNDER THE VEHICLE PROTECTION PRODUCT WARRANTY;

12 (5) THE DURATION OF THE WARRANTY PERIOD MEASURED BY TIME OR,
13 IF PRACTICAL, BY SOME MEASURE OF USAGE SUCH AS MILEAGE;

14 (6) THE PROCEDURE FOR MAKING A CLAIM, INCLUDING A TELEPHONE
15 NUMBER THE WARRANTY HOLDER MAY CALL TO MAKE A CLAIM;

16 (7) THE AMOUNT OF THE DEDUCTIBLE, IF ANY, UNDER THE VEHICLE
17 PROTECTION PRODUCT WARRANTY;

18 (8) THE PAYMENTS, INCLUDING PAYMENTS FOR INCIDENTAL COSTS OR
19 SERVICES TO BE PROVIDED UNDER THE WARRANTY, THE MANNER OF CALCULATING
20 OR DETERMINING THE PAYMENTS TO BE PROVIDED, AND ANY LIMITATIONS,
21 EXCEPTIONS, OR EXCLUSIONS;

22 (9) THE DUTIES OF THE WARRANTY HOLDER, SUCH AS TO PROTECT
23 AGAINST DAMAGE TO THE VEHICLE, TO NOTIFY THE WARRANTOR IN ADVANCE OF
24 ANY REPAIR, AND ANY OTHER SIMILAR DUTY;

25 (10) ANY TERMS, RESTRICTIONS, OR CONDITIONS RELATING TO
26 TRANSFER OF THE WARRANTY; AND

27 (11) THE TERMS AND CONDITIONS GOVERNING CANCELLATION OF THE
28 VEHICLE PROTECTION PRODUCT WARRANTY.

29 (B) A VEHICLE PROTECTION PRODUCT WARRANTY SHALL INCLUDE, IN A
30 PROMINENT LOCATION, THE FOLLOWING STATEMENT:

31 "THIS AGREEMENT IS A PRODUCT WARRANTY AND IS NOT INSURANCE."

32 (C) THE SELLER OF A VEHICLE PROTECTION PRODUCT OR THE WARRANTOR
33 SHALL PROVIDE TO THE PURCHASER:

34 (1) AT THE TIME OF SALE, A WRITTEN COPY OF THE VEHICLE
35 PROTECTION PRODUCT WARRANTY; OR

1 (2) (I) AT THE TIME OF SALE, A RECEIPT OR OTHER WRITTEN
2 EVIDENCE OF THE PURCHASE OF THE VEHICLE PROTECTION PRODUCT; AND

3 (II) WITHIN 30 DAYS AFTER THE DATE OF THE PURCHASE, A
4 WRITTEN COPY OF THE VEHICLE PROTECTION PRODUCT WARRANTY.

5 (D) THE INFORMATION REQUIRED UNDER SUBSECTION (A)(3) AND (5) OF THIS
6 SECTION MAY BE ADDED TO OR STAMPED ON THE VEHICLE PROTECTION PRODUCT
7 WARRANTY INSTEAD OF BEING PREPRINTED ON THE VEHICLE PROTECTION
8 PRODUCT WARRANTY.

9 (E) A WARRANTOR MAY NEGOTIATE WITH A CONSUMER AT THE TIME OF
10 PURCHASE THE PURCHASE PRICE AND TERMS OF THE VEHICLE PROTECTION
11 PRODUCT WARRANTY.

12 (F) A VEHICLE PROTECTION PRODUCT WARRANTY MAY PROVIDE FOR
13 REIMBURSEMENT OF INCIDENTAL COSTS TO A CONSUMER:

14 (1) IN A FIXED AMOUNT SPECIFIED IN THE VEHICLE PROTECTION
15 PRODUCT WARRANTY; OR

16 (2) ACCORDING TO A FORMULA ITEMIZING SPECIFIC INCIDENTAL
17 COSTS INCURRED BY THE WARRANTY HOLDER.

18 14-4A-07.

19 (A) A WARRANTOR MAY CANCEL THE VEHICLE PROTECTION PRODUCT
20 WARRANTY ONLY IF THE WARRANTY HOLDER:

21 (1) FAILS TO PAY FOR THE VEHICLE PROTECTION PRODUCT;

22 (2) MAKES A MATERIAL MISREPRESENTATION TO THE WARRANTOR;

23 (3) COMMITS FRAUD RELATING TO THE PURCHASE OF THE VEHICLE
24 PROTECTION PRODUCT; OR

25 (4) SUBSTANTIALLY BREACHES THE WARRANTY HOLDER'S DUTIES
26 UNDER THE VEHICLE PROTECTION PRODUCT WARRANTY.

27 (B) (1) AT LEAST 30 DAYS BEFORE THE EFFECTIVE DATE OF THE
28 CANCELLATION OF A VEHICLE PROTECTION PRODUCT WARRANTY, THE
29 ADMINISTRATOR OR WARRANTOR UNDER THE VEHICLE PROTECTION PRODUCT
30 WARRANTY SHALL MAIL WRITTEN NOTICE OF CANCELLATION TO THE WARRANTY
31 HOLDER AT THE MOST RECENT ADDRESS OF THE WARRANTY HOLDER IN THE
32 ADMINISTRATOR'S OR WARRANTOR'S RECORDS.

33 (2) THE NOTICE OF CANCELLATION SHALL STATE:

34 (I) THE EFFECTIVE DATE OF THE CANCELLATION; AND

35 (II) THE REASON FOR THE CANCELLATION.

1 14-4A-08.

2 (A) UNLESS AUTHORIZED BY THE MARYLAND INSURANCE COMMISSIONER TO
3 ENGAGE IN INSURANCE BUSINESS IN THE STATE, A WARRANTOR MAY NOT USE THE
4 FOLLOWING WORDS IN ITS NAME, CONTRACTS, OR LITERATURE:

5 (1) "INSURANCE";

6 (2) "CASUALTY";

7 (3) "SURETY";

8 (4) "MUTUAL"; OR

9 (5) ANY OTHER WORDS THAT ARE:

10 (I) DESCRIPTIVE OF THE INSURANCE, CASUALTY, OR SURETY
11 BUSINESS; OR

12 (II) DECEPTIVELY SIMILAR TO THE NAME OR DESCRIPTION OF AN
13 INSURER, A SURETY CORPORATION, OR ANOTHER WARRANTOR.

14 (B) A WARRANTOR MAY USE THE TERM "GUARANTY" OR A SIMILAR WORD IN
15 THE WARRANTOR'S NAME.

16 14-4A-09.

17 A VEHICLE PROTECTION PRODUCT SELLER OR WARRANTOR MAY NOT REQUIRE
18 AS A CONDITION OF SALE OR FINANCING THAT A PURCHASER OF A VEHICLE
19 PROTECTION PRODUCT PURCHASE A VEHICLE PROTECTION PRODUCT THAT IS NOT
20 INSTALLED ON A MOTOR VEHICLE AT THE TIME OF SALE.

21 14-4A-10.

22 A WARRANTOR THAT ESTABLISHES AN INFORMAL DISPUTE SETTLEMENT
23 PROCEDURE MAY ELECT TO SETTLE VEHICLE PROTECTION PRODUCT WARRANTY
24 DISPUTES IN COORDINATION WITH A PRIVATE MEDIATION SERVICES PROVIDER OR
25 THE DIVISION.

26 14-4A-11.

27 A WARRANTOR:

28 (1) IS LIABLE TO THE WARRANTY HOLDER FOR ANY WRONGFUL BREACH
29 OF A VEHICLE PROTECTION PRODUCT WARRANTY; AND

30 (2) IS UNDER A DUTY TO:

31 (I) COMPLY WITH THE REQUIREMENTS OF THIS SUBTITLE; AND

1 (II) COMPENSATE THE WARRANTY HOLDER FOR ALL REASONABLE
2 EXPENSES INCURRED AS A RESULT OF A WRONGFUL BREACH OF A VEHICLE
3 PROTECTION PRODUCT WARRANTY.

4 14-4A-12.

5 (A) (1) A VIOLATION OF THIS SUBTITLE:

6 (I) IS AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE
7 MEANING OF TITLE 13 OF THIS ARTICLE; AND

8 (II) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
9 IS SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE
10 13 OF THIS ARTICLE.

11 (2) THE PROVISIONS OF § 13-410 OF THIS ARTICLE DO NOT APPLY TO A
12 VIOLATION OF THIS SUBTITLE.

13 (B) A WARRANTOR THAT VIOLATES A PROVISION OF THIS SUBTITLE IS
14 SUBJECT TO A FINE NOT EXCEEDING \$500 FOR EACH VIOLATION, UP TO A MAXIMUM
15 OF \$10,000.

16 (C) FOR PURPOSES OF THIS SECTION, EACH INDIVIDUAL FAILURE TO COMPLY
17 WITH A REQUIREMENT OF THIS SUBTITLE IS A SEPARATE VIOLATION.

18 (D) IF THE SALE, CONTRACT, OR AGREEMENT OTHERWISE WAS DISCLOSED TO
19 THE PURCHASER IN WRITING AT THE TIME OF THE PURCHASE OR LEASE, THE
20 PENALTY PROVISIONS OF THIS SUBTITLE DO NOT APPLY TO ANY VIOLATION OF THIS
21 SUBTITLE RELATING TO:

22 (1) A SALE OF A VEHICLE PROTECTION PRODUCT;

23 (2) FAILURE TO DISCLOSE IN A RETAIL INSTALLMENT CONTRACT OR
24 LEASE; OR

25 (3) A CONTRACT OR AGREEMENT THAT PROVIDES FOR PAYMENTS
26 UNDER A VEHICLE PROTECTION PRODUCT WARRANTY.

27 (E) IN THE EVENT OF A VIOLATION FOR WHICH THE PENALTY PROVISIONS OF
28 THIS SECTION DO NOT APPLY, THE COURT SHALL AWARD ACTUAL DAMAGES AND
29 COSTS, INCLUDING REASONABLE ATTORNEY'S FEES.

30 (F) THIS SECTION SHALL NOT BE CONSTRUED TO REQUIRE THE APPLICATION
31 OF PENALTY PROVISIONS WHERE THIS SECTION IS NOT APPLICABLE.

32 14-4A-13.

33 THIS SUBTITLE MAY BE CITED AS THE VEHICLE PROTECTION PRODUCTS ACT.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
35 construed to apply only prospectively and may not be applied or interpreted to have

1 any effect on or application to any vehicle protection product sold or warranted before
2 the effective date of this Act.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act may not be
4 interpreted to mean that a vehicle protection product warranty issued before the
5 effective date of this Act was insurance.

6 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 January 1, 2007.