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By: **Delegate Feldman**

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Committee Report: Favorable

House action: Adopted

Read second time: March 25, 2006

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CHAPTER \_\_\_\_\_

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

1 sale or financing that a purchaser of a vehicle protection product purchase a  
2 vehicle protection product that is not installed on a motor vehicle at the time of  
3 sale; providing for the resolution of disputes between a vehicle protection  
4 product warrantor and a warranty holder; providing that a warrantor is liable to  
5 a warranty holder for certain breaches of a vehicle protection product warranty;  
6 establishing certain duties of a warrantor; providing that a violation of this Act  
7 is an unfair or deceptive trade practice under the Maryland Consumer  
8 Protection Act and is subject to certain enforcement and penalty provisions and  
9 certain remedies, with a certain exception; providing that the penalty provisions  
10 of this Act do not apply to certain violations of this Act under certain  
11 circumstances; establishing a certain short title; defining certain terms;  
12 providing for the application, construction, and interpretation of this Act;  
13 providing for a delayed effective date; and generally relating to the Vehicle  
14 Protection Products Act.

15 BY adding to

16 Article - Commercial Law  
17 Section 14-4A-01 through 14-4A-13, inclusive, to be under the new subtitle  
18 "Subtitle 4A. Vehicle Protection Products Act"  
19 Annotated Code of Maryland  
20 (2005 Replacement Volume)

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

23 **Article - Commercial Law**

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

25 14-4A-01.

26 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
27 INDICATED.

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

31 (C) "DIVISION" MEANS THE DIVISION OF CONSUMER PROTECTION OF THE  
32 OFFICE OF THE ATTORNEY GENERAL.

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

36 (2) "INCIDENTAL COSTS" INCLUDE:

37 (I) INSURANCE POLICY DEDUCTIBLES;

- 1 (II) RENTAL VEHICLE CHARGES;
- 2 (III) THE DIFFERENCE BETWEEN THE ACTUAL VALUE OF A STOLEN
- 3 VEHICLE AT THE TIME OF THEFT AND THE COST OF A REPLACEMENT VEHICLE;
- 4 (IV) SALES TAXES;
- 5 (V) REGISTRATION FEES;
- 6 (VI) TRANSACTION FEES; AND
- 7 (VII) MECHANICAL INSPECTION FEES.

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

- 10 (I) IS INSTALLED ON OR APPLIED TO A VEHICLE;
- 11 (II) IS SOLD WITH A WRITTEN WARRANTY; AND
- 12 (III) IS DESIGNED TO PREVENT LOSS OR DAMAGE TO A VEHICLE
- 13 FROM A SPECIFIC CAUSE.

14 (2) "VEHICLE PROTECTION PRODUCT" INCLUDES:

- 15 (I) AN ALARM SYSTEM;
- 16 (II) A BODY PART MARKING PRODUCT;
- 17 (III) A STEERING LOCK;
- 18 (IV) A WINDOW ETCH PRODUCT;
- 19 (V) A PEDAL OR IGNITION LOCK;
- 20 (VI) A FUEL OR IGNITION KILL SWITCH; AND
- 21 (VII) AN ELECTRONIC, RADIO, OR SATELLITE TRACKING DEVICE.

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

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

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

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

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

7 (1) PROVIDE REIMBURSEMENT TO THE WARRANTOR; OR

8 (2) PAY ON BEHALF OF THE WARRANTOR ALL COVERED CONTRACTUAL  
9 OBLIGATIONS INCURRED BY THE WARRANTOR UNDER THE TERMS AND CONDITIONS  
10 OF THE INSURED VEHICLE PROTECTION PRODUCT WARRANTIES ISSUED BY THE  
11 WARRANTOR.

12 14-4A-02.

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

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

19 (C) A SERVICE CONTRACT PROVIDER THAT DOES NOT SELL VEHICLE  
20 PROTECTION PRODUCTS IS NOT SUBJECT TO THE REQUIREMENTS OF THIS  
21 SUBTITLE.

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

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

27 14-4A-03.

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

31 (2) THE REGISTRATION FORM SHALL INCLUDE:

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

34 (II) THE NAME AND ADDRESS OF THE REGISTERED AGENT OF THE  
35 WARRANTOR, IF ANY;

1 (III) THE NAME OF ONE OR MORE OFFICERS OF THE WARRANTOR  
2 WHO ARE DIRECTLY RESPONSIBLE FOR THE WARRANTOR'S VEHICLE PROTECTION  
3 PRODUCT BUSINESS;

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

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

9 2. IF THE WARRANTOR ELECTS TO MEET ITS FINANCIAL  
10 OBLIGATIONS IN ACCORDANCE WITH § 14-4A-05(A)(2) OF THIS SUBTITLE, ONE OF THE  
11 FOLLOWING:

12 A. A COPY OF THE MOST RECENT FORM 10-K OR FORM 20-F  
13 FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION BY THE  
14 WARRANTOR OR THE WARRANTOR'S PARENT COMPANY; OR

15 B. IF THE WARRANTOR OR THE WARRANTOR'S PARENT  
16 COMPANY DOES NOT FILE WITH THE UNITED STATES SECURITIES AND EXCHANGE  
17 COMMISSION, A COPY OF THE WARRANTOR'S OR THE WARRANTOR'S PARENT  
18 COMPANY'S FINANCIAL STATEMENTS SHOWING A NET WORTH OR STOCKHOLDERS'  
19 EQUITY OF NOT LESS THAN \$50,000,000; AND

20 (VI) A COPY OF EACH WARRANTY THAT THE WARRANTOR PROPOSES  
21 TO USE IN THE STATE.

22 (B) (1) A WARRANTOR THAT REGISTERS UNDER SUBSECTION (A) OF THIS  
23 SECTION SHALL PAY A REGISTRATION FEE TO THE DIVISION AT THE TIME OF  
24 REGISTRATION.

25 (2) ON JANUARY 1 OF EACH YEAR FOLLOWING INITIAL REGISTRATION, A  
26 REGISTERED WARRANTOR SHALL PAY A RENEWAL FEE TO THE DIVISION.

27 (3) THE FEES FOR REGISTRATION AND RENEWAL REQUIRED UNDER  
28 THIS SUBSECTION SHALL BE SET BY THE DIVISION IN AN AMOUNT NOT TO EXCEED  
29 \$250 FOR EACH FEE.

30 (C) EXCEPT FOR INFORMATION RECEIVED UNDER SUBSECTION (A)(2)(V)2 OF  
31 THIS SECTION, ANY INFORMATION RECEIVED BY THE DIVISION IN THE COURSE OF  
32 ADMINISTERING THIS SUBTITLE SHALL BE MADE AVAILABLE TO THE PUBLIC,  
33 SUBJECT TO THE PROVISIONS OF THE MARYLAND PUBLIC INFORMATION ACT.

34 (D) AN ADMINISTRATOR, OR A PERSON THAT SELLS OR SOLICITS A SALE OF A  
35 VEHICLE PROTECTION PRODUCT AND IS NOT A WARRANTOR, IS NOT REQUIRED TO  
36 REGISTER WITH THE DIVISION UNDER THIS SECTION.

1 14-4A-04.

2 (A) A WARRANTOR OF A VEHICLE PROTECTION PRODUCT SOLD OR OFFERED  
3 FOR SALE IN THE STATE SHALL KEEP ACCURATE BOOKS, ACCOUNTS, AND RECORDS  
4 RELATING TO VEHICLE PROTECTION PRODUCT WARRANTIES.

5 (B) A WARRANTOR'S BOOKS, ACCOUNTS, AND RECORDS SHALL INCLUDE:

6 (1) COPIES OF ALL VEHICLE PROTECTION PRODUCT WARRANTIES SOLD  
7 OR ISSUED IN THE STATE;

8 (2) THE NAME AND ADDRESS OF EACH WARRANTY HOLDER; AND

9 (3) THE DATE, AMOUNT, AND DESCRIPTION OF EACH RECEIPT, CLAIM,  
10 AND EXPENDITURE.

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

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

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

20 14-4A-05.

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

23 (1) BE INSURED UNDER A WARRANTY REIMBURSEMENT INSURANCE  
24 POLICY; OR

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

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

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

34 (D) IF A WARRANTOR ELECTS TO CARRY WARRANTY REIMBURSEMENT  
35 INSURANCE UNDER SUBSECTION (A)(1) OF THIS SECTION, THE WARRANTY

1 REIMBURSEMENT INSURANCE POLICY PURCHASED BY THE WARRANTOR SHALL  
2 PROVIDE:

3 (1) THAT THE INSURER WILL PAY TO, OR ON BEHALF OF, THE  
4 WARRANTOR 100% OF ALL SUMS THAT THE WARRANTOR IS LEGALLY OBLIGATED TO  
5 PAY A WARRANTY HOLDER ACCORDING TO THE WARRANTOR'S CONTRACTUAL  
6 OBLIGATIONS UNDER THE WARRANTOR'S VEHICLE PROTECTION PRODUCT  
7 WARRANTY;

8 (2) THAT, IN THE EVENT PAYMENT DUE UNDER THE TERMS OF THE  
9 VEHICLE PROTECTION PRODUCT WARRANTY IS NOT PROVIDED BY THE WARRANTOR  
10 WITHIN 60 DAYS AFTER PROOF OF LOSS HAS BEEN FILED BY THE WARRANTY  
11 HOLDER IN ACCORDANCE WITH THE TERMS OF THE VEHICLE PROTECTION PRODUCT  
12 WARRANTY, THE WARRANTY HOLDER MAY FILE A CLAIM FOR REIMBURSEMENT  
13 DIRECTLY WITH THE INSURER;

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

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

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

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

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

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

31 1. SHALL DISCONTINUE ACTING AS A WARRANTOR AS OF  
32 THE TERMINATION DATE OF THE WARRANTY REIMBURSEMENT INSURANCE POLICY  
33 UNTIL A NEW WARRANTY REIMBURSEMENT INSURANCE POLICY BECOMES  
34 EFFECTIVE; AND

35 2. ON OBTAINING A NEW WARRANTY REIMBURSEMENT  
36 INSURANCE POLICY, SHALL FILE A COPY OF THE NEW WARRANTY REIMBURSEMENT  
37 INSURANCE POLICY WITH THE DIVISION.

1 14-4A-06.

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

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

4 (I) "THE OBLIGATIONS OF THE WARRANTOR TO THE WARRANTY  
5 HOLDER UNDER THIS WARRANTY ARE GUARANTEED UNDER A WARRANTY  
6 REIMBURSEMENT INSURANCE POLICY. IN THE EVENT PAYMENT DUE UNDER THE  
7 TERMS OF THE VEHICLE PROTECTION PRODUCT WARRANTY IS NOT PROVIDED BY  
8 THE WARRANTOR WITHIN 60 DAYS AFTER PROOF OF LOSS HAS BEEN FILED BY THE  
9 WARRANTY HOLDER IN ACCORDANCE WITH THE TERMS OF THE VEHICLE  
10 PROTECTION PRODUCT WARRANTY, THE WARRANTY HOLDER MAY FILE A CLAIM  
11 DIRECTLY WITH THE INSURER THAT ISSUED THE WARRANTY REIMBURSEMENT  
12 INSURANCE POLICY."; OR

13 (II) "THE OBLIGATIONS OF THE WARRANTOR TO THE WARRANTY  
14 HOLDER UNDER THIS WARRANTY ARE BACKED BY THE FULL FAITH AND CREDIT OF  
15 THE WARRANTOR.";

16 (2) THE NAME AND ADDRESS OF THE INSURER THAT ISSUED THE  
17 WARRANTY REIMBURSEMENT INSURANCE POLICY TO THE WARRANTOR, IF  
18 APPLICABLE;

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

21 (4) THE PURCHASE PRICE AND TERMS OF THE VEHICLE PROTECTION  
22 PRODUCT WARRANTY, INCLUDING A RECITAL OF THE WARRANTOR'S OBLIGATIONS  
23 UNDER THE VEHICLE PROTECTION PRODUCT WARRANTY;

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

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

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

30 (8) THE PAYMENTS, INCLUDING PAYMENTS FOR INCIDENTAL COSTS OR  
31 SERVICES TO BE PROVIDED UNDER THE WARRANTY, THE MANNER OF CALCULATING  
32 OR DETERMINING THE PAYMENTS TO BE PROVIDED, AND ANY LIMITATIONS,  
33 EXCEPTIONS, OR EXCLUSIONS;

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



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

3 (11) THE TERMS AND CONDITIONS GOVERNING CANCELLATION OF THE  
4 VEHICLE PROTECTION PRODUCT WARRANTY.

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

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

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

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

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

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

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

20 (E) A WARRANTOR MAY NEGOTIATE WITH A CONSUMER AT THE TIME OF  
21 PURCHASE THE PURCHASE PRICE AND TERMS OF THE VEHICLE PROTECTION  
22 PRODUCT WARRANTY.

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

25 (1) IN A FIXED AMOUNT SPECIFIED IN THE VEHICLE PROTECTION  
26 PRODUCT WARRANTY; OR

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

29 14-4A-07.

30 (A) A WARRANTOR MAY CANCEL THE VEHICLE PROTECTION PRODUCT  
31 WARRANTY ONLY IF THE WARRANTY HOLDER:

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

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

1 (3) COMMITS FRAUD RELATING TO THE PURCHASE OF THE VEHICLE  
2 PROTECTION PRODUCT; OR

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

5 (B) (1) AT LEAST 30 DAYS BEFORE THE EFFECTIVE DATE OF THE  
6 CANCELLATION OF A VEHICLE PROTECTION PRODUCT WARRANTY, THE  
7 ADMINISTRATOR OR WARRANTOR UNDER THE VEHICLE PROTECTION PRODUCT  
8 WARRANTY SHALL MAIL WRITTEN NOTICE OF CANCELLATION TO THE WARRANTY  
9 HOLDER AT THE MOST RECENT ADDRESS OF THE WARRANTY HOLDER IN THE  
10 ADMINISTRATOR'S OR WARRANTOR'S RECORDS.

11 (2) THE NOTICE OF CANCELLATION SHALL STATE:

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

13 (II) THE REASON FOR THE CANCELLATION.

14 14-4A-08.

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

18 (1) "INSURANCE";

19 (2) "CASUALTY";

20 (3) "SURETY";

21 (4) "MUTUAL"; OR

22 (5) ANY OTHER WORDS THAT ARE:

23 (I) DESCRIPTIVE OF THE INSURANCE, CASUALTY, OR SURETY  
24 BUSINESS; OR

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

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

29 14-4A-09.

30 A VEHICLE PROTECTION PRODUCT SELLER OR WARRANTOR MAY NOT REQUIRE  
31 AS A CONDITION OF SALE OR FINANCING THAT A PURCHASER OF A VEHICLE  
32 PROTECTION PRODUCT PURCHASE A VEHICLE PROTECTION PRODUCT THAT IS NOT  
33 INSTALLED ON A MOTOR VEHICLE AT THE TIME OF SALE.

1 14-4A-10.

2 A WARRANTOR THAT ESTABLISHES AN INFORMAL DISPUTE SETTLEMENT  
3 PROCEDURE MAY ELECT TO SETTLE VEHICLE PROTECTION PRODUCT WARRANTY  
4 DISPUTES IN COORDINATION WITH A PRIVATE MEDIATION SERVICES PROVIDER OR  
5 THE DIVISION.

6 14-4A-11.

7 A WARRANTOR:

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

10 (2) IS UNDER A DUTY TO:

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

12 (II) COMPENSATE THE WARRANTY HOLDER FOR ALL REASONABLE  
13 EXPENSES INCURRED AS A RESULT OF A WRONGFUL BREACH OF A VEHICLE  
14 PROTECTION PRODUCT WARRANTY.

15 14-4A-12.

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

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

19 (II) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,  
20 IS SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE  
21 13 OF THIS ARTICLE.

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

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

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

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

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

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

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

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

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

10 14-4A-13.

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
13 construed to apply only prospectively and may not be applied or interpreted to have  
14 any effect on or application to any vehicle protection product sold or warranted before  
15 the effective date of this Act.

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

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