

# HOUSE BILL 449

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CF SB 502

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By: **Delegate Feldman**

Introduced and read first time: February 5, 2007

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **Commercial Law – Consumer Protection – Vehicle Protection Products Act**

3 FOR the purpose of prohibiting a vehicle protection product from being sold or offered  
4 for sale in the State unless the seller and the warrantor of the vehicle protection  
5 product, and the warrantor's administrator, comply with the provisions of this  
6 Act; providing that a seller, warrantor, or administrator that complies with this  
7 Act is not required to comply with certain provisions of law; requiring a  
8 warrantor of a vehicle protection product that is sold or offered for sale in the  
9 State to register with the ~~Division of Consumer Protection of the Office of the~~  
10 ~~Attorney General~~ Department of Labor, Licensing, and Regulation; requiring a  
11 registration form to include certain information; requiring a warrantor that  
12 registers with the ~~Division~~ Department to pay a certain registration fee and  
13 renewal fee; providing that certain information shall be made available to the  
14 public under certain circumstances; requiring a certain warrantor to maintain  
15 certain accounts, books, and records for a certain period of time and to make the  
16 accounts, books, and records available for inspection by the ~~Division~~  
17 Department; requiring a certain warrantor to be insured under a certain  
18 warranty reimbursement insurance policy or to maintain a certain amount of  
19 net worth or stockholders' equity; requiring a warranty reimbursement  
20 insurance policy to contain certain provisions; specifying certain contents of a  
21 vehicle protection product warranty; authorizing a vehicle protection product

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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.



warranty to provide for the reimbursement of certain incidental costs; requiring a seller or warrantor of a vehicle protection product to provide a written copy of a vehicle protection product warranty to a purchaser at a certain time; providing that a certain warrantor may negotiate the purchase price of a vehicle protection product warranty; prohibiting a vehicle protection product warrantor from using certain terms in its name, contracts, or literature; authorizing a vehicle protection product warrantor to use a certain term in its name; prohibiting a vehicle protection product seller or warrantor from requiring, as a condition of the sale or financing of a vehicle, that the purchaser of the vehicle buy a vehicle protection product; providing for the resolution of disputes between a vehicle protection product warrantor and a warranty holder; providing that a violation of this Act is an unfair or deceptive trade practice under the Maryland Consumer Protection Act and is subject to certain enforcement and penalty provisions; establishing a certain short title; defining certain terms; providing for the application of this Act; prohibiting this Act from being interpreted in a certain manner; providing for a delayed effective date; and generally relating to the Vehicle Protection Products Act.

BY adding to

Article – Commercial Law

Section 14–4A–01 through 14–4A–14 to be under the new subtitle “Subtitle 4A. Vehicle Protection Products Act”

Annotated Code of Maryland

(2005 Replacement Volume and 2006 Supplement)

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

#### **Article – Commercial Law**

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

#### **14–4A–01.**

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

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

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

(C) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(D) (1) "INCIDENTAL COSTS" MEANS AN EXPENSE THAT:

(I) IS SPECIFIED IN A VEHICLE PROTECTION PRODUCT WARRANTY;

(II) IS INCURRED BY THE WARRANTY HOLDER; AND

(III) RELATES TO THE FAILURE OF A VEHICLE PROTECTION PRODUCT TO PERFORM AS PROVIDED IN THE VEHICLE PROTECTION PRODUCT WARRANTY.

(2) "INCIDENTAL COSTS" INCLUDE:

(I) INSURANCE POLICY DEDUCTIBLES;

(II) CHARGES FOR RENTAL VEHICLES;

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

(IV) SALES TAXES;

(V) REGISTRATION FEES;

(VI) TRANSACTION FEES; AND

(VII) MECHANICAL INSPECTION FEES.

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

(I) IS SOLD WITH A WRITTEN WARRANTY;

(II) IS INSTALLED ON OR APPLIED TO A VEHICLE; AND

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

3 (2) "VEHICLE PROTECTION PRODUCT" INCLUDES:

4 (I) AN ALARM SYSTEM;

5 (II) A BODY PART MARKING PRODUCT;

6 (III) A STEERING LOCK;

7 (IV) A WINDOW ETCH PRODUCT;

8 (V) A PEDAL OR IGNITION LOCK;

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

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

12 (F) "VEHICLE PROTECTION PRODUCT WARRANTY" MEANS A WRITTEN  
13 AGREEMENT BY A WARRANTOR THAT PROVIDES THAT IF A VEHICLE  
14 PROTECTION PRODUCT FAILS TO PREVENT LOSS OR DAMAGE TO A VEHICLE  
15 FROM A SPECIFIC CAUSE, THE WARRANTOR SHALL PAY TO, OR ON BEHALF OF,  
16 THE WARRANTY HOLDER SPECIFIED INCIDENTAL COSTS INCURRED AS A RESULT  
17 OF THE FAILURE OF THE VEHICLE PROTECTION PRODUCT TO PERFORM IN  
18 ACCORDANCE WITH THE TERMS OF THE VEHICLE PROTECTION PRODUCT  
19 WARRANTY.

20 (G) (1) "WARRANTOR" MEANS A PERSON THAT IS CONTRACTUALLY  
21 OBLIGATED TO THE WARRANTY HOLDER UNDER THE TERMS OF THE VEHICLE  
22 PROTECTION PRODUCT WARRANTY.

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

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

1           (I) **“WARRANTY REIMBURSEMENT INSURANCE POLICY” MEANS A**  
2 **POLICY OF INSURANCE THAT IS ISSUED TO A WARRANTOR TO:**

3                   (1) **PROVIDE REIMBURSEMENT TO THE WARRANTOR; OR**

4                   (2) **PAY ON BEHALF OF THE WARRANTOR ALL COVERED**  
5 **CONTRACTUAL OBLIGATIONS INCURRED BY THE WARRANTOR UNDER THE**  
6 **TERMS AND CONDITIONS OF THE INSURED VEHICLE PROTECTION PRODUCT**  
7 **WARRANTIES SOLD BY THE WARRANTOR.**

8 **14-4A-02.**

9           (A) **THIS SUBTITLE DOES NOT APPLY TO:**

10                   (1) **A SERVICE CONTRACT PROVIDER THAT DOES NOT SELL**  
11 **VEHICLE PROTECTION PRODUCTS; OR**

12                   (2) **A WARRANTY, INDEMNITY AGREEMENT, OR GUARANTEE THAT**  
13 **IS NOT PROVIDED IN CONNECTION WITH THE SALE OF A VEHICLE PROTECTION**  
14 **PRODUCT.**

15           (B) **A VEHICLE PROTECTION PRODUCT WARRANTY IS NOT SUBJECT TO**  
16 **THE PROVISIONS OF SUBTITLE 4 OF THIS TITLE.**

17           (C) **A SELLER OR WARRANTOR OF A VEHICLE PROTECTION PRODUCT,**  
18 **OR A WARRANTOR’S ADMINISTRATOR, THAT COMPLIES WITH THIS SUBTITLE IS**  
19 **NOT SUBJECT TO ANY PROVISIONS OF THE INSURANCE ARTICLE.**

20 **14-4A-03.**

21           **A VEHICLE PROTECTION PRODUCT MAY NOT BE SOLD OR OFFERED FOR**  
22 **SALE IN THE STATE UNLESS THE SELLER AND WARRANTOR OF THE VEHICLE**  
23 **PROTECTION PRODUCT, AND THE WARRANTOR’S ADMINISTRATOR, COMPLY**  
24 **WITH THE PROVISIONS OF THIS SUBTITLE.**

25 **14-4A-04.**

26           (A) **A WARRANTOR OF A VEHICLE PROTECTION PRODUCT THAT IS SOLD**  
27 **OR OFFERED FOR SALE IN THE STATE SHALL REGISTER WITH THE ~~DIVISION~~**  
28 **DEPARTMENT ON THE FORM THAT THE ~~DIVISION~~ DEPARTMENT PROVIDES.**

**(B) THE REGISTRATION FORM SHALL INCLUDE:**

**(1) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE WARRANTOR, INCLUDING ANY NAME UNDER WHICH THE WARRANTOR DOES BUSINESS;**

**(2) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE WARRANTOR'S ADMINISTRATOR, IF ANY;**

**(3) THE NAME AND ADDRESS OF THE WARRANTOR'S REGISTERED AGENT, IF ANY;**

**(4) THE NAME OF AT LEAST ONE OFFICER OF THE WARRANTOR WHO IS DIRECTLY RESPONSIBLE FOR THE WARRANTOR'S VEHICLE PROTECTION PRODUCT BUSINESS;**

**(5) (I) IF THE WARRANTOR ELECTS TO CARRY WARRANTY REIMBURSEMENT INSURANCE IN ACCORDANCE WITH § 14-4A-07(A)(1) OF THIS SUBTITLE, A COPY OF THE WARRANTOR'S WARRANTY REIMBURSEMENT INSURANCE POLICY; OR**

**(II) IF THE WARRANTOR ELECTS TO MEET ITS FINANCIAL OBLIGATIONS IN ACCORDANCE WITH § 14-4A-07(A)(2) OF THIS SUBTITLE, ONE OF THE FOLLOWING:**

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

**2. IF THE WARRANTOR OR THE WARRANTOR'S PARENT COMPANY DOES NOT FILE WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, A COPY OF THE WARRANTOR'S OR THE WARRANTOR'S PARENT COMPANY'S FINANCIAL STATEMENT THAT SHOWS A NET WORTH OR STOCKHOLDERS' EQUITY OF NOT LESS THAN \$50,000,000; AND**

**(6) A COPY OF EACH WARRANTY THAT THE WARRANTOR PROPOSES TO USE IN THE STATE.**

1           (C) (1) A WARRANTOR THAT REGISTERS UNDER SUBSECTION (A) OF  
2 THIS SECTION SHALL PAY A REGISTRATION FEE TO THE ~~DIVISION~~ DEPARTMENT  
3 AT THE TIME OF REGISTRATION.

4           (2) ON JANUARY 1 OF EACH YEAR FOLLOWING A WARRANTOR'S  
5 INITIAL REGISTRATION, THE WARRANTOR SHALL PAY A RENEWAL FEE TO THE  
6 ~~DIVISION~~ DEPARTMENT.

7           (3) THE REGISTRATION FEE AND THE RENEWAL FEE REQUIRED  
8 UNDER THIS SUBSECTION SHALL BE SET BY THE ~~DIVISION~~ DEPARTMENT IN AN  
9 AMOUNT NOT EXCEEDING ~~\$250~~ \$500 FOR EACH FEE.

10 **14-4A-05.**

11           EXCEPT FOR INFORMATION RECEIVED UNDER § 14-4A-04(B)(5)(II) OF  
12 THIS SUBTITLE, ANY INFORMATION RECEIVED BY THE ~~DIVISION~~ DEPARTMENT  
13 IN THE COURSE OF ADMINISTERING THIS SUBTITLE SHALL BE MADE AVAILABLE  
14 TO THE PUBLIC, SUBJECT TO THE PROVISIONS OF THE MARYLAND PUBLIC  
15 INFORMATION ACT.

16 **14-4A-06.**

17           (A) A WARRANTOR OF A VEHICLE PROTECTION PRODUCT SOLD OR  
18 OFFERED FOR SALE IN THE STATE SHALL KEEP ACCURATE ACCOUNTS, BOOKS,  
19 AND RECORDS THAT RELATE TO ITS VEHICLE PROTECTION PRODUCT  
20 WARRANTIES.

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

23           (1) A COPY OF EACH VEHICLE PROTECTION PRODUCT WARRANTY  
24 SOLD OR ISSUED IN THE STATE;

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

26           (3) THE DATE, AMOUNT, AND DESCRIPTION OF EACH RECEIPT,  
27 CLAIM, AND EXPENDITURE.

28           (C) A WARRANTOR SHALL KEEP ACCOUNTS, BOOKS, AND RECORDS  
29 RELATING TO A VEHICLE PROTECTION PRODUCT WARRANTY AND A WARRANTY

1 **HOLDER FOR AT LEAST 2 YEARS FOLLOWING THE EXPIRATION OF THE VEHICLE**  
2 **PROTECTION PRODUCT WARRANTY.**

3 **(D) A WARRANTOR THAT DISCONTINUES BUSINESS IN THE STATE**  
4 **SHALL MAINTAIN ITS ACCOUNTS, BOOKS, AND RECORDS UNTIL IT CAN PROVE TO**  
5 **THE ~~DIVISION~~ DEPARTMENT THAT IT HAS DISCHARGED ALL OF ITS**  
6 **OBLIGATIONS TO ANY WARRANTY HOLDER IN THE STATE.**

7 **(E) ON REQUEST, A WARRANTOR SHALL MAKE ALL OF ITS ACCOUNTS,**  
8 **BOOKS, AND RECORDS AVAILABLE FOR INSPECTION BY THE ~~DIVISION~~**  
9 **DEPARTMENT.**

10 **14-4A-07.**

11 **(A) A WARRANTOR OF A VEHICLE PROTECTION PRODUCT SOLD OR**  
12 **OFFERED FOR SALE IN THE STATE SHALL:**

13 **(1) BE INSURED UNDER A WARRANTY REIMBURSEMENT**  
14 **INSURANCE POLICY; OR**

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

17 **(B) A WARRANTOR THAT MEETS ITS FINANCIAL OBLIGATION IN**  
18 **ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION IS NOT REQUIRED TO**  
19 **MEET ANY OTHER FINANCIAL REQUIREMENT OR FINANCIAL STANDARD.**

20 **(C) IF A WARRANTOR ELECTS TO CARRY WARRANTY REIMBURSEMENT**  
21 **INSURANCE UNDER SUBSECTION (A)(1) OF THIS SECTION, THE WARRANTY**  
22 **REIMBURSEMENT INSURANCE POLICY PURCHASED BY THE WARRANTOR SHALL**  
23 **PROVIDE:**

24 **(1) THAT THE INSURER WILL PAY TO, OR ON BEHALF OF, THE**  
25 **WARRANTOR ALL SUMS THAT THE WARRANTOR IS LEGALLY OBLIGATED TO PAY**  
26 **A WARRANTY HOLDER UNDER THE WARRANTOR'S VEHICLE PROTECTION**  
27 **PRODUCT WARRANTY;**

28 **(2) THAT, IN THE EVENT PAYMENT DUE UNDER THE TERMS OF**  
29 **THE VEHICLE PROTECTION PRODUCT WARRANTY IS NOT PROVIDED BY THE**  
30 **WARRANTOR WITHIN 60 DAYS AFTER PROOF OF LOSS HAS BEEN FILED BY THE**



1 WARRANTY HOLDER IN ACCORDANCE WITH THE TERMS OF THE VEHICLE  
2 PROTECTION PRODUCT WARRANTY, THE WARRANTY HOLDER MAY FILE A CLAIM  
3 FOR REIMBURSEMENT DIRECTLY WITH THE INSURER;

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

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

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

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

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

21 (III) IN THE EVENT AN INSURER CANCELS A WARRANTY  
22 REIMBURSEMENT INSURANCE POLICY, THE WARRANTOR SHALL:

23 1. DISCONTINUE OFFERING VEHICLE PROTECTION  
24 PRODUCT WARRANTIES AS OF THE TERMINATION DATE OF THE WARRANTY  
25 REIMBURSEMENT INSURANCE POLICY UNTIL A NEW WARRANTY  
26 REIMBURSEMENT INSURANCE POLICY BECOMES EFFECTIVE; AND

27 2. ON OBTAINING A NEW WARRANTY  
28 REIMBURSEMENT INSURANCE POLICY, FILE A COPY OF THE NEW WARRANTY  
29 REIMBURSEMENT INSURANCE POLICY WITH THE ~~DIVISION~~ DEPARTMENT.

30 (D) IF A WARRANTOR ELECTS TO MEET ITS FINANCIAL OBLIGATION IN  
31 ACCORDANCE WITH SUBSECTION (A)(2) OF THIS SECTION, THE WARRANTOR'S

1 PARENT COMPANY SHALL GUARANTEE THE OBLIGATIONS OF THE WARRANTOR  
2 FOR THE VEHICLE PROTECTION PRODUCT WARRANTIES ISSUED BY THE  
3 WARRANTOR IN THE STATE.

4 **14-4A-08.**

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

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

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

17 (II) "THE OBLIGATIONS OF THE WARRANTOR TO THE  
18 WARRANTY HOLDER UNDER THIS VEHICLE PROTECTION PRODUCT WARRANTY  
19 ARE BACKED BY THE FULL FAITH AND CREDIT OF THE WARRANTOR.";

20 (2) THE NAME AND ADDRESS OF THE INSURER THAT ISSUED THE  
21 WARRANTY REIMBURSEMENT INSURANCE POLICY TO THE WARRANTOR, IF  
22 APPLICABLE;

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

25 (4) THE PURCHASE PRICE AND TERMS OF THE VEHICLE  
26 PROTECTION PRODUCT WARRANTY, INCLUDING A RECITAL OF THE  
27 WARRANTOR'S OBLIGATIONS UNDER THE VEHICLE PROTECTION PRODUCT  
28 WARRANTY;

29 (5) THE DURATION OF THE WARRANTY PERIOD MEASURED BY  
30 TIME OR, IF PRACTICABLE, BY SOME MEASURE OF USAGE SUCH AS MILEAGE;

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

3           **(7) THE PAYMENTS OR SERVICES TO BE PROVIDED UNDER THE**  
4 **VEHICLE PROTECTION PRODUCT WARRANTY, INCLUDING PAYMENTS FOR**  
5 **INCIDENTAL COSTS, THE MANNER OF CALCULATING OR DETERMINING THE**  
6 **PAYMENTS TO BE PROVIDED, AND ANY LIMITATIONS, EXCEPTIONS, OR**  
7 **EXCLUSIONS;**

8           **(8) THE DUTIES OF THE WARRANTY HOLDER, INCLUDING:**

9                   **(I) PROTECTION OF THE VEHICLE FROM DAMAGE;**

10                   **(II) NOTIFICATION TO THE WARRANTOR IN ADVANCE OF**  
11 **ANY REPAIR; AND**

12                   **(III) ANY OTHER SIMILAR DUTY;**

13           **(9) ANY TERMS, RESTRICTIONS, OR CONDITIONS RELATING TO**  
14 **THE TRANSFER OF THE VEHICLE PROTECTION PRODUCT WARRANTY; AND**

15           **(10) THE TERMS AND CONDITIONS GOVERNING CANCELLATION OF**  
16 **THE VEHICLE PROTECTION PRODUCT.**

17           **(B) A VEHICLE PROTECTION PRODUCT WARRANTY SHALL INCLUDE, IN**  
18 **A PROMINENT LOCATION, THE FOLLOWING STATEMENT:**

19                   **“THIS AGREEMENT IS A PRODUCT WARRANTY AND IS NOT INSURANCE.”**

20           **(C) IF THE SALE OF A VEHICLE PROTECTION PRODUCT INCLUDES A**  
21 **VEHICLE PROTECTION PRODUCT WARRANTY, THE SELLER OF THE VEHICLE**  
22 **PROTECTION PRODUCT OR THE WARRANTOR SHALL PROVIDE TO THE**  
23 **PURCHASER:**

24                   **(1) AT THE TIME OF SALE, A WRITTEN COPY OF THE VEHICLE**  
25 **PROTECTION PRODUCT WARRANTY; OR**

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

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

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

7           **(E) AT THE TIME OF PURCHASE OF A VEHICLE PROTECTION PRODUCT,**  
8 **A WARRANTOR MAY NEGOTIATE WITH THE PURCHASER THE PURCHASE PRICE**  
9 **AND TERMS OF THE VEHICLE PROTECTION PRODUCT WARRANTY.**

10           **(F) A VEHICLE PROTECTION PRODUCT WARRANTY MAY PROVIDE FOR**  
11 **THE REIMBURSEMENT OF INCIDENTAL COSTS INCURRED BY THE WARRANTY**  
12 **HOLDER:**

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

15                   **(2) ACCORDING TO A FORMULA THAT ITEMIZES SPECIFIC**  
16 **INCIDENTAL COSTS INCURRED BY THE WARRANTY HOLDER.**

17 **14-4A-09.**

18           **(A) UNLESS AUTHORIZED BY THE MARYLAND INSURANCE**  
19 **COMMISSIONER TO ENGAGE IN THE INSURANCE BUSINESS IN THE STATE, A**  
20 **WARRANTOR MAY NOT USE THE FOLLOWING WORDS IN ITS NAME, CONTRACTS,**  
21 **OR LITERATURE:**

22                   **(1) “INSURANCE”;**

23                   **(2) “CASUALTY”;**

24                   **(3) “SURETY”;**

25                   **(4) “MUTUAL”; OR**

26                   **(5) ANY OTHER WORDS THAT ARE:**

1 (I) DESCRIPTIVE OF THE INSURANCE, CASUALTY, OR  
2 SURETY BUSINESS; OR

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

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

7 14-4A-10.

8 A VEHICLE PROTECTION PRODUCT SELLER OR A WARRANTOR MAY NOT  
9 REQUIRE, AS A CONDITION OF THE SALE OR FINANCING OF A VEHICLE, THAT  
10 THE PURCHASER OF THE VEHICLE BUY A VEHICLE PROTECTION PRODUCT.

11 14-4A-11.

12 A WARRANTOR THAT ESTABLISHES AN INFORMAL DISPUTE SETTLEMENT  
13 PROCEDURE MAY ELECT TO SETTLE VEHICLE PROTECTION PRODUCT  
14 WARRANTY DISPUTES IN COORDINATION WITH A PRIVATE MEDIATION SERVICES  
15 PROVIDER OR THE ~~DIVISION~~ DEPARTMENT.

16 14-4A-12.

17 A WARRANTOR IS:

18 (1) LIABLE TO THE WARRANTY HOLDER FOR ANY WRONGFUL  
19 BREACH OF A VEHICLE PROTECTION PRODUCT WARRANTY; AND

20 (2) UNDER A DUTY TO:

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

23 (II) COMPENSATE THE WARRANTY HOLDER FOR ALL  
24 REASONABLE INCIDENTAL EXPENSES INCURRED AS A RESULT OF THE BREACH.

25 14-4A-13.

26 (A) A VIOLATION OF THIS SUBTITLE:

1           (1)    IS AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE  
2 MEANING OF TITLE 13 OF THIS ARTICLE; AND

3           (2)    EXCEPT FOR § 13-410 OF THIS ARTICLE, IS SUBJECT TO THE  
4 ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE 13 OF THIS  
5 ARTICLE.

6           (B)    A WARRANTOR THAT VIOLATES THE PROVISIONS OF THIS SUBTITLE  
7 IS SUBJECT TO A FINE OF \$500 FOR EACH VIOLATION, NOT EXCEEDING \$10,000  
8 FOR ALL VIOLATIONS.

9           (C)    FOR PURPOSES OF THIS SECTION, EACH INDIVIDUAL FAILURE TO  
10 COMPLY WITH THE REQUIREMENTS OF THIS SUBTITLE IS A SEPARATE  
11 VIOLATION.

12 ~~14-4A-14.~~

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

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

19           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall not be  
20 interpreted to mean that a vehicle protection product warranty issued prior to the  
21 effective date of this Act was an insurance policy on a vehicle that has a vehicle  
22 protection product installed on or applied to it.

23           SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 January 1, 2008.