

**HB0630/103291/1**

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 630  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, after “contract”” insert “and defining “obligor””; in line 6, strike “the person obligated under the agreement or contract” and substitute “a certain obligor”; in line 9, strike “and” and substitute a comma; in the same line, after “maintenance” insert “, and agreements between certain motor clubs and their members or subscribers”; in line 10, strike “establishing” and substitute “requiring”; in the same line, strike “is not required to”; in line 11, strike “for approval”; in the same line, after “Commissioner;” insert “broadening the application of a certain provision of law to establish that certain consumer protection laws apply to any mechanical repair contract sold in the State, not just those sold by a licensed vehicle dealer; establishing that a certain obligor has the same obligation as a seller under a certain provision of law; requiring a certain obligor to file a certain mechanical repair contract with the Commissioner and to provide certain evidence with the filing; establishing that a certain filing is not subject to approval by the Commissioner; providing for a certain cease and desist order; requiring that certain persons that sell mechanical repair contracts register with the Commissioner and provide certain information as part of the registration; requiring an obligor to provide a certain notice under certain circumstances; establishing a certain annual registration fee; prohibiting a person who is not a registered obligor under this Act from offering, selling, or negotiating a mechanical repair contract; authorizing the Commissioner to pursue a certain action; establishing that a mechanical repair contract may not provide certain indemnification under certain circumstances; establishing that certain persons that comply with this Act and certain provisions of law are not required to comply with certain provisions of law relating to insurance; establishing certain requirements relating to registering with the Commissioner; establishing certain penalties;”; in the same line, strike “who” and substitute “that”; in line 13, after “stylistic” insert “and conforming”; and after line 19, insert:

(Over)

“BY adding to

Article – Transportation

Section 27-101(ff)

Annotated Code of Maryland

(2012 Replacement Volume and 2014 Supplement)”.

AMENDMENT NO. 2

On page 1, in line 24, strike the comma and substitute “THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.”

**(2) (I)**”;

in the same line, strike ““mechanical” and substitute “MECHANICAL”; and in line 25, strike “THE” and substitute “AN”.

AMENDMENT NO. 3

On page 2, in line 1, strike “PERSON OBLIGATED UNDER THE AGREEMENT OR CONTRACT” and substitute “OBLIGOR”; strike beginning with “a” in line 1 down through “provider” in line 2 and substitute “THE OBLIGOR”; in line 3, after the second comma, insert a closing bracket; in line 4, strike the bracket and substitute a comma; in lines 6, 13, 16, 20, 22, 25, and 27, strike “(I)”, “(II)”, “(III)”, “(IV)”, “(V)”, “(VI)”, and “(VII)”, respectively, and substitute “1.”, “2.”, “3.”, “4.”, “5.”, “6.”, and “7.”, respectively; in line 7, after “REPAIR” insert “, REPLACEMENT,”; in line 8, after “FOR” insert “THE OPERATIONAL OR”; in line 15, after “VEHICLE” insert “BROUGHT ABOUT BY THE FAILURE OF AN ADDITIVE PRODUCT TO PERFORM AS REPRESENTED”; in line 30, strike “(2)” and substitute “(II)”; in line 32, strike “(3)” and substitute “(III)”; in line 33, strike “WARRANTIES” and substitute “:”

**(I) WARRANTIES**”;

in line 34, strike “, OR CONTRACTS” and substitute “;

**(II) CONTRACTS**”;

in the same line, after “MAINTENANCE” insert “;OR

**(III) AN AGREEMENT BETWEEN A MOTOR CLUB, AS DEFINED IN § 26-101 OF THE INSURANCE ARTICLE, AND A MEMBER OR SUBSCRIBER OF THE MOTOR CLUB**”.

and after line 34, insert:

**“(3) (I) “OBLIGOR” MEANS THE PERSON SPECIFIED IN A MECHANICAL REPAIR CONTRACT THAT IS CONTRACTUALLY OBLIGATED TO PERFORM THE SERVICES SET FORTH IN THE MECHANICAL REPAIR CONTRACT.**

**(II) “OBLIGOR” DOES NOT INCLUDE AN INSURER THAT PROVIDES INSURANCE COVERAGE IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION.**”.

**AMENDMENT NO. 4**

On page 3, in line 1, strike “A provider of services” and substitute “**AN OBLIGOR**”; in line 5, strike “a provider” and substitute “**AN OBLIGOR**”; in line 11, strike “specified provider” and substitute “**OBLIGOR**”; in line 12, strike “provider” and substitute “**OBLIGOR**”; strike in their entirety lines 13 and 14 and substitute:

**“(4) (I) BEFORE SELLING A MECHANICAL REPAIR CONTRACT, THE OBLIGOR SHALL FILE THE CONTRACT WITH THE INSURANCE COMMISSIONER**

ALONG WITH EVIDENCE THAT THE OBLIGOR MAINTAINS ADEQUATE INSURANCE RESERVES AS REQUIRED UNDER THIS SECTION.

(II) A FILING REQUIRED UNDER THIS SUBSECTION IS NOT SUBJECT TO THE APPROVAL OF THE INSURANCE COMMISSIONER.

(III) THE COMMISSIONER MAY ORDER AN OBLIGOR TO CEASE AND DESIST FROM ALL SALES OF:

1. MECHANICAL REPAIR CONTRACTS IF THE OBLIGOR FAILS TO DEMONSTRATE THAT THE OBLIGOR MAINTAINS ADEQUATE INSURANCE RESERVES;

2. A SPECIFIED MECHANICAL REPAIR CONTRACT IF THAT CONTRACT FAILS TO DISCLOSE THE RIGHT OF THE PURCHASER TO MAKE A DIRECT CLAIM AGAINST THE INSURER AS REQUIRED UNDER THIS SUBSECTION; AND

3. A SPECIFIED MECHANICAL REPAIR CONTRACT IF THAT CONTRACT OTHERWISE VIOLATES THIS SECTION.

(IV) A CEASE AND DESIST ORDER ISSUED UNDER THIS SECTION SHALL MEET THE PROCEDURAL REQUIREMENTS FOR THE ISSUANCE OF A CEASE AND DESIST ORDER UNDER § 27-103 OF THE INSURANCE ARTICLE.

(C) (1) AN OBLIGOR SHALL REGISTER WITH THE INSURANCE COMMISSIONER.

**(2) AS PART OF REGISTRATION, AN OBLIGOR SHALL PROVIDE THE FOLLOWING INFORMATION FOR REGISTRATION WITH THE COMMISSIONER:**

**(I) THE NAME, CORPORATE ADDRESS, AND TELEPHONE NUMBER OF THE OBLIGOR;**

**(II) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF AN INDIVIDUAL DESIGNATED TO RECEIVE CORRESPONDENCE ON BEHALF OF THE OBLIGOR; AND**

**(III) THE NAME AND ADDRESS OF A DESIGNATED AGENT AUTHORIZED TO ACCEPT SERVICE ON BEHALF OF THE OBLIGOR IN THE STATE.**

**(3) AN OBLIGOR SHALL NOTIFY THE COMMISSIONER WITHIN 30 DAYS OF ANY CHANGE TO THE REGISTRATION INFORMATION REQUIRED UNDER THIS SUBSECTION.**

**(4) AN OBLIGOR THAT IS REQUIRED TO REGISTER UNDER THIS SECTION SHALL PAY AN ANNUAL REGISTRATION FEE OF \$25.**

**(5) (I) OTHER THAN A LICENSED VEHICLE DEALER, A PERSON THAT IS NOT A REGISTERED OBLIGOR UNDER THIS SUBTITLE MAY NOT OFFER, SELL, OR NEGOTIATE A MECHANICAL REPAIR CONTRACT.**

**(II) THE COMMISSIONER MAY PURSUE AN ACTION AGAINST A PERSON THAT VIOLATES THIS PARAGRAPH.”;**

in lines 25 and 26, strike “by a licensed vehicle dealer” and substitute “**IN THE STATE**”; in line 30, after “dealers” insert “**AND OBLIGORS**”; in the same line, strike “(h)” and substitute “**(I)**”; in line 33, after “MANUFACTURER,” insert “**MANUFACTURER’S**”

(Over)

SUBSIDIARY,”; in the same line, strike “WHO” and substitute “THAT”; and in lines 15, 17, 19, 22, 24, 27, 30, and 33, strike “(c)”, “(d)”, “(e)”, “(f)”, “(g)”, “(h)”, “(i)”, and “(J)”, respectively, and substitute “(D)”, “(E)”, “(F)”, “(G)”, “(H)”, “(I)”, “(J)”, and “(K)”, respectively.

AMENDMENT NO. 5

On page 4, in line 4, after “MANUFACTURER,” insert “MANUFACTURER’S SUBSIDIARY,”; and after line 12, insert:

“(L) EXCEPT AS EXPRESSLY PROVIDED UNDER THIS SECTION, AN OBLIGOR THAT COMPLIES WITH THIS SECTION IS NOT REQUIRED TO COMPLY WITH ANY OTHER PROVISIONS OF THE INSURANCE ARTICLE.

“(M) UNLESS SPECIFICALLY DESCRIBED IN SUBSECTION (A)(1) OF THIS SECTION, A MECHANICAL REPAIR CONTRACT MAY NOT PROVIDE INDEMNIFICATION FOR A LOSS CAUSED BY COLLISION OR BY PERILS THAT ARE COMMONLY COVERED BY COMPREHENSIVE OR COLLISION PROVISIONS OF A MOTOR VEHICLE INSURANCE POLICY.

27-101.

“(FF) A PERSON THAT IS CONVICTED OF A VIOLATION OF § 15-311.2(C)(5) OF THIS ARTICLE:

“(1) IS SUBJECT TO A FINE OF NOT MORE THAN \$1,000 OR IMPRISONMENT FOR NOT MORE THAN 1 YEAR OR BOTH; AND

“(2) MAY BE REQUIRED TO PAY RESTITUTION.”.

AMENDMENT NO. 6

On page 4, in line 13, after “That” insert “:

(a) An obligor engaging in mechanical repair contract transactions on or before the effective date of this Act must register with the Insurance Commissioner within 90 days after the registration application is made available.

(b) A person not engaging in mechanical repair contract transactions on the effective date of this Act must register with the Insurance Commissioner under this Act before offering a mechanical repair contract for sale.

SECTION 3. AND BE IT FURTHER ENACTED, That”.