

# SENATE BILL 553

C4

5lr0074

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By: Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)

Introduced and read first time: February 6, 2015

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

### 2 Motor Clubs – Scope of Law – Fees

3 FOR the purpose of providing that certain entities are not regulated as motor clubs in the  
4 State; requiring motor clubs to file the fees to be charged members with the  
5 Insurance Commissioner at the time of initial and renewal application for a motor  
6 club license; providing that the fees to be charged members are part of a motor club  
7 service contract; prohibiting an unlicensed person from representing to the public  
8 that the person is authorized to provide motor club service or engage in the business  
9 of a motor club in the State, with certain exceptions; and generally relating to motor  
10 clubs.

11 BY repealing and reenacting, without amendments,  
12 Article – Insurance  
13 Section 26–101(a) and (f)  
14 Annotated Code of Maryland  
15 (2011 Replacement Volume and 2014 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article – Insurance  
18 Section 26–102, 26–203(c)(4), 26–206(c), and 26–402(b)  
19 Annotated Code of Maryland  
20 (2011 Replacement Volume and 2014 Supplement)

21 BY adding to  
22 Article – Insurance  
23 Section 26–501.1  
24 Annotated Code of Maryland  
25 (2011 Replacement Volume and 2014 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 26–101.

5 (a) In this title the following words have the meanings indicated.

6 (f) “Motor club” means a person engaged directly or indirectly in selling or  
7 offering for sale, furnishing, or procuring motor club service.

8 26–102.

9 (a) (1) The offering of motor club service is regulated under this title but is not  
10 engaging in insurance business.

11 (2) This title does not otherwise exempt a licensee or its representatives  
12 from the requirements of the laws relating to insurance or insurance services.

13 (B) **THIS TITLE DOES NOT APPLY TO:**

14 (1) **A MOTOR VEHICLE MANUFACTURER, DISTRIBUTOR, OR A WHOLLY  
15 OWNED SUBSIDIARY OF A MANUFACTURER OR DISTRIBUTOR, AS THOSE TERMS ARE  
16 DEFINED IN § 15–201 OF THE TRANSPORTATION ARTICLE, THAT OFFERS FOR SALE,  
17 FURNISHES, OR PROCURES MOTOR CLUB SERVICES THROUGH A  
18 MARYLAND–LICENSED MOTOR CLUB AS PART OF A MECHANICAL REPAIR CONTRACT  
19 AS DEFINED IN § 15–311.2 OF THE TRANSPORTATION ARTICLE; OR**

20 (2) **A LICENSED VEHICLE DEALER OR ANY PERSON THAT OFFERS FOR  
21 SALE, FURNISHES, OR PROCURES MOTOR CLUB SERVICES THROUGH A  
22 MARYLAND–LICENSED MOTOR CLUB AS PART OF A MECHANICAL REPAIR CONTRACT  
23 IF THE PROVIDER OF SERVICES MAINTAINS ADEQUATE INSURANCE RESERVES AS  
24 DEFINED BY THE COMMISSIONER AND THE MOTOR VEHICLE EXTENDED SERVICE  
25 CONTRACT HAS BEEN APPROVED BY THE COMMISSIONER.**

26 [(b)](C) This title does not limit or prohibit a motor club from selling, offering  
27 for sale, or furnishing to or procuring for members services or products not defined in this  
28 title.

29 26–203.

30 (c) The application shall include:

4 (c) Before a license expires, the licensee may renew it for an additional 1-year  
5 term if the holder:

6 (1) otherwise is entitled to a license;

(2) files with the Commissioner a renewal application on the form that the Commissioner provides;

9 (3) FILES WITH THE COMMISSIONER THE FEES TO BE CHARGED TO  
10 MEMBERS;

11                           [(3)] (4)     provides a financial statement as required under § 26–203(c)(3)  
12 of this subtitle; and

13 [ (4) ] (5) pays to the Commissioner a renewal fee of \$100.

14 26-402.

15 (b) Unless a motor club provides and the Commissioner approves another form of  
16 service contract, [the completed application and the description of motor club services  
17 constitute] the service contract **CONSISTS OF:**

18 (1) THE COMPLETED APPLICATION OR RENEWAL APPLICATION OF  
19 THE MOTOR CLUB:

20 (2) THE FILED FEES TO BE CHARGED TO MEMBERS OF THE MOTOR  
21 CLUB: AND

24 26 501 1

25           (A) THIS SECTION DOES NOT APPLY TO AN AUTHORIZED PROPERTY AND  
26 CASUALTY INSURER THAT PROVIDES EMERGENCY ROAD SERVICE, TOWING SERVICE,  
27 OR A SIMILAR TYPE OF INDEMNIFICATION UNDER A POLICY THAT HAS BEEN FILED  
28 WITH AND APPROVED BY THE COMMISSIONER

29 (B) UNLESS A PERSON HOLDS A LICENSE ISSUED BY THE COMMISSIONER,  
30 THE PERSON MAY NOT REPRESENT TO THE PUBLIC, BY USE OF A TITLE, INCLUDING

1 "MOTOR CLUB" OR "LICENSED MOTOR CLUB", BY DESCRIPTION OF SERVICES, OR  
2 OTHERWISE, THAT THE PERSON IS LICENSED OR OTHERWISE AUTHORIZED TO  
3 PROVIDE MOTOR CLUB SERVICE OR ENGAGE IN THE BUSINESS OF A MOTOR CLUB IN  
4 THE STATE.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2015.