

SENATE BILL 553

C4

5lr0074

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

Introduced and read first time: February 6, 2015

Assigned to: Finance

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)

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:

1 (4) a copy of the applicant's service contract **AND THE FEES TO BE**
2 **CHARGED TO MEMBERS**, as described in § 26-402 of this title; and

3 26-206.

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;

7 (2) files with the Commissioner a renewal application on the form that the
8 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**

22 **(3) THE DESCRIPTION OF MOTOR CLUB SERVICES OR BENEFITS TO**
23 **WHICH THE MEMBERS ARE ENTITLED.**

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.