

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

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2015

CHAPTER _____

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; altering a certain definition;
10 and generally relating to motor 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 26–101(g), 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

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.



1 Article – Insurance
2 Section 26–501.1
3 Annotated Code of Maryland
4 (2011 Replacement Volume and 2014 Supplement)

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

7 **Article – Insurance**

8 26–101.

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

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

12 (g) “Motor club service” means, in connection with the ownership, operation, use,
13 or maintenance of a motor vehicle by a person, and in consideration of the person being or
14 becoming a member of a motor club, affiliated with a motor club, or entitled to receive
15 membership or other service from a motor club because of an agreement between the person
16 and the motor club, the rendering, furnishing, or procuring of or the payment or
17 reimbursement for, wholly or partly, any or all of the following services to the person:

18 (1) emergency road service, INCLUDING THE REPLACEMENT OF A
19 MOTOR VEHICLE KEY OR KEY FOB IF THE KEY OR KEY FOB BECOMES INOPERABLE
20 OR IS LOST OR STOLEN;

21 (2) bail bond service, which is the furnishing of or arranging for a cash
22 deposit, bond, or other form of security required by law for a member accused of a violation
23 of a motor vehicle law or traffic ordinance, to obtain the member’s release from custody
24 pending trial;

25 (3) financing service, which is the arranging for a loan or other advance of
26 money to a member in connection with providing any other motor club service;

27 (4) insurance service, which is the furnishing of coverage to a member
28 under an approved group or blanket policy, subject to the limitations of this article, issued
29 to the motor club by an authorized insurer;

30 (5) legal reimbursement service, which is the payment for or
31 reimbursement of a member of fees charged by an attorney for services rendered to the
32 member in defense of a traffic offense;

33 (6) theft service, which is the offering of assistance in locating, identifying,
34 or recovering a stolen or missing motor vehicle owned by a member, or the offering of a
35 reward for the purpose of detecting or apprehending the person guilty of the theft; and

1 (7) towing service, which is the furnishing to a member of the means to
2 move a motor vehicle, under power other than its own, from one place to another.

3 26-102.

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

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

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

9 **(1) A MOTOR VEHICLE MANUFACTURER, DISTRIBUTOR, OR A WHOLLY**
10 **OWNED SUBSIDIARY OF A MANUFACTURER OR DISTRIBUTOR, AS THOSE TERMS ARE**
11 **DEFINED IN § 15-201 OF THE TRANSPORTATION ARTICLE, THAT OFFERS FOR SALE,**
12 **FURNISHES, OR PROCURES ~~MOTOR CLUB SERVICES THROUGH A~~**
13 **~~MARYLAND LICENSED MOTOR~~ EMERGENCY ROAD SERVICE, TOWING SERVICE, OR**
14 **OTHER SERVICE THAT MAY BE OFFERED BY A LICENSED MOTOR CLUB UNDER THIS**
15 **TITLE AS PART OF A MECHANICAL REPAIR CONTRACT AS DEFINED IN § 15-311.2 OF**
16 **THE TRANSPORTATION ARTICLE; OR**

17 **(2) A LICENSED VEHICLE DEALER OR ANY PERSON THAT OFFERS FOR**
18 **SALE, FURNISHES, OR PROCURES ~~MOTOR CLUB SERVICES THROUGH A~~**
19 **~~MARYLAND LICENSED MOTOR~~ EMERGENCY ROAD SERVICE, TOWING SERVICE, OR**
20 **OTHER SERVICE THAT MAY BE OFFERED BY A LICENSED MOTOR CLUB UNDER THIS**
21 **TITLE AS PART OF A MECHANICAL REPAIR CONTRACT IF THE PROVIDER OF**
22 **SERVICES MAINTAINS ADEQUATE INSURANCE RESERVES AS DEFINED BY THE**
23 **COMMISSIONER AND THE ~~MOTOR VEHICLE EXTENDED SERVICE MECHANICAL~~**
24 **REPAIR CONTRACT HAS BEEN APPROVED BY THE COMMISSIONER IS OFFERED IN**
25 **COMPLIANCE WITH § 15-311.2 OF THE TRANSPORTATION ARTICLE.**

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:

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

33 26-206.

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

3 (1) otherwise is entitled to a license;

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

6 **(3) FILES WITH THE COMMISSIONER THE FEES TO BE CHARGED TO**
7 **MEMBERS;**

8 ~~[(3)]~~ **(4)** provides a financial statement as required under § 26-203(c)(3)
9 of this subtitle; and

10 ~~[(4)]~~ **(5)** pays to the Commissioner a renewal fee of \$100.

11 26-402.

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

15 **(1) THE COMPLETED APPLICATION OR RENEWAL APPLICATION OF**
16 **THE MOTOR CLUB;**

17 **(2) THE FILED FEES TO BE CHARGED TO MEMBERS OF THE MOTOR**
18 **CLUB; AND**

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

21 **26-501.1.**

22 **(A) THIS ~~SECTION~~ TITLE DOES NOT APPLY TO:**

23 **(1) AN AUTHORIZED PROPERTY AND CASUALTY INSURER THAT**
24 **PROVIDES EMERGENCY ROAD SERVICE, TOWING SERVICE, OR A SIMILAR TYPE OF**
25 **INDEMNIFICATION UNDER A POLICY THAT HAS BEEN FILED WITH AND APPROVED BY**
26 **THE COMMISSIONER; OR**

27 **(2) AN OBLIGOR UNDER A MECHANICAL REPAIR CONTRACT THAT**
28 **PROVIDES EMERGENCY ROAD SERVICE, TOWING SERVICE, OR OTHER SERVICE THAT**
29 **MAY BE OFFERED BY A LICENSED MOTOR CLUB UNDER THIS TITLE IF THE**

1 MECHANICAL REPAIR CONTRACT IS OFFERED IN COMPLIANCE WITH § 15-311.2 OF
2 THE TRANSPORTATION ARTICLE.

3 (B) UNLESS A PERSON HOLDS A LICENSE ISSUED BY THE COMMISSIONER,
4 THE PERSON MAY NOT REPRESENT TO THE PUBLIC, BY USE OF A TITLE, INCLUDING
5 “MOTOR CLUB” OR “LICENSED MOTOR CLUB”, BY DESCRIPTION OF SERVICES, OR
6 OTHERWISE, THAT THE PERSON IS LICENSED OR OTHERWISE AUTHORIZED TO
7 PROVIDE MOTOR CLUB SERVICE OR ENGAGE IN THE BUSINESS OF A MOTOR CLUB IN
8 THE STATE.

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.