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By: Delegate Bagnall

Introduced and read first time: February 5, 2025 Assigned to: Economic Matters

Committee Report: Favorable with amendments House action: Adopted Read second time: March 6, 2025

CHAPTER _____

1 AN ACT concerning

2Insurance Protections for Vehicle Service Contracts3Mechanical Repair Contracts – Technical Service Bulletins

FOR the purpose of establishing that a licensed vehicle dealer, an obligor, or an agent that 4 sells mechanical repair contracts for motor vehicles may not make deceptive or $\mathbf{5}$ 6 misleading statements regarding the mechanical repair contract and shall ensure 7 that testimonials of any of their endorsers are truthful, accurate, and not deceptive prohibiting a mechanical repair contract from containing a provision precluding 8 9 coverage for service to a motor vehicle for issues identified in a technical service 10 bulletin and prohibiting the denial of a service claim for such an issue by certain 11 persons; and generally relating to technical service bulletins and mechanical repair 12 contracts for motor vehicles.

- 13 BY repealing and reenacting, without amendments,
- 14 Article Commercial Law
- 15 Section 14–404
- 16 Annotated Code of Maryland
- 17 (2013 Replacement Volume and 2024 Supplement)
- 18 BY repealing and reenacting, without amendments,
- 19 Article Transportation
- 20 Section 15–311.2(a) and (e) through (h)
- 21 Annotated Code of Maryland
- 22 (2020 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1	BY repealing and reenacting, with amendments,		
2	Article – Transportation		
3	Section 15-311.2(i)		
4	Annotated Code of Maryland		
5	(2020 Replacement Volume and 2024 Supplement)		
0	(2020 Replacement Volume and 2021 Supplement)		
6	BY adding to		
7			
8			
9	Annotated Code of Maryland		
10	(2013 Replacement Volume and 2024 Supplement)		
$\begin{array}{c} 11 \\ 12 \end{array}$	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:		
13	Article – Commercial Law		
10	Ai ticle – Commerciar Law		
14	$\frac{14-404}{1}$		
14			
15	(a) (1) A guarantor shall fulfill the guarantor's guaranty according to its		
16			
10	terms:		
17	(i) Within a reasonable time; and		
11	(i) Within a reasonable time; and		
18	(ii) For the stated period of the guaranty or if no period is stated for		
	(ii) For the stated period of the guaranty or, if no period is stated, for		
19	a reasonable period of time.		
20	(2) A provider shall fulfill the obligations under the corrige contract		
$\frac{20}{21}$	(2) A provider shall fulfill the obligations under the service contract according to its terms:		
41	according to its terms.		
იი	(i) At an within the naminal stated in the commiss contract on if no		
22	(i) At or within the period stated in the service contract, or if no		
23	period is stated, within a reasonable time; and		
0.4	(:) Easthe stated down time of the second states of		
24	(ii) For the stated duration of the service contract.		
۵۳	(b) (1) (i) A measure is set on l_1 least on t is l_2 and r_2 are set on f_2 if t_2		
25	(b) (1) (i) A guaranty is extended automatically when a guarantor fails to		
26	repair successfully a malfunctioning or defective product within the guaranty period.		
07			
27	(ii) The guaranty does not terminate until the consumer product		
28	successfully performs its intended function for the remaining period of the guaranty plus a		
29	period equal to the time of repair.		
90			
30	(2) (i) A service contract is extended automatically when the provider		
31	fails to perform the services under the service contract.		
99			
32	(ii) The service contract does not terminate until the services are		
33	provided in accordance with the terms of the service contract.		

1	1 (c) If a guaranty fails to disclose the	information required by § 14-403 of this		
2	2 subtitle, the guarantor shall, without charge an	d within a reasonable period of time:		
3	3 (1) Repair a malfunctioning or a	lefective consumer product; or		
4	4 (2) If repair is not commercial	ly practicable or cannot be timely made,		
5				
0				
$\frac{6}{7}$		fulfill the terms of the guaranty within 10		
$\frac{7}{8}$				
9		arter written explanation of the reasons for		
U	o the delay.			
10	10 (2) If a provider is unable to ful:	fill the terms of the service contract within		
11	11 10 days after the date on which the provider is			
12	12 service contract, the provider shall provide on			
13	13 written explanation of the reasons for the delay	.		
14	14 Article – Trans	portation		
15	15 $\frac{15-311.2}{15-311.2}$			
16	16 (a) (1) In this section the following	words have the meanings indicated.		
17	17 (2) "Agent" means a business e	ntity that is authorized by an obligor or a		
	18 licensed vehicle dealer to sell a mechanical repa			
19	19 (3) (i) "Mechanical repair co	ontract" means any agreement or contract		
20	20 sold by a licensed vehicle dealer, an obligor, or a			
		price, provided that the purchase of the contract is optional to the purchaser, any of the		
23	23 following services:			
24	24 <u>1 The renair re</u>	placement, or maintenance of a motor		
25	vehicle, or the indemnification for the repair, replacement, or maintenance of a motor			
		vehicle, for the operational or structural failure of the motor vehicle due to a defect in		
27	materials, workmanship, or normal wear and tear, with or without additional provisions			
28	for incidental payment of indemnity for services including towing, rental and emergency			
29				
90		valessment on maintainers of		
$\frac{30}{31}$	1 /	placement, or maintenance of a motor		
υı	vehicle for the operational or structural failure of one or more parts or systems of the motor vehicle brought about by the failure of an additive product to perform as represented;			
32	32 vehicle brought about by the failure of an additi	ve product to perform as represented.		

1	3. The repair or replacement of tires or wheels on a motor
$\frac{2}{3}$	vehicle damaged as a result of coming into contact with road hazards, including potholes, rocks, wood debris, metal parts, glass, plastic, curbs, or composite scraps;
J	TOCKS, WOOD DEPTHS, INCLAT PARTS, GLASS, PLASTIC, CULDS, OF COMPOSITE SCRAPS,
4	4. The removal and repair of dents, dings, or creases on a
5	motor vehicle using the process of paintless dent removal;
${6 \over 7}$	5. The repair of chips or cracks in, or the replacement of, motor vehicle windshields as a result of damage caused by road hazards;
8	6. The replacement of a motor vehicle key or key fob if the
9	key or key fob becomes inoperable or is lost or stolen; or
$\begin{array}{c} 10\\11 \end{array}$	7. Other services or products that may be approved by the Insurance Commissioner if consistent with the provisions of this section.
12	(ii) "Mechanical repair contract" includes extended warranties and
13	extended service contracts.
14	(iii) "Mechanical repair contract" does not include:
15	1. Warranties under the Magnuson–Moss Warranty Act, 15
16	U.S.C. § 2301, et seq.;
17	2. Contracts or agreements for regular maintenance only; or
$\begin{array}{c} 18\\ 19\end{array}$	3. An agreement between a motor club, as defined in § 26–101 of the Insurance Article, and a member or subscriber of the motor club.
20	(4) (i) "Obligor" means the person specified in a mechanical repair
$\frac{20}{21}$	contract that is contractually obligated to perform the services set forth in the mechanical
22	repair contract.
23	(ii) <u>"Obligor" does not include an insurer that provides insurance</u>
24	coverage in accordance with subsection (b) of this section.
25	(e) <u>A mechanical repair contract shall be offered in addition to any express</u>
26	warranty originally included as part of the contract for sale of a new motor vehicle.
27	(f) A mechanical repair contract shall clearly and conspicuously set forth the date
$\frac{21}{28}$	when the warranty begins.
29	(g) A mechanical repair contract shall clearly and conspicuously set forth the date
$\frac{29}{30}$	(g) A mechanical repair contract shall clearly and conspicuously set forth the date or the odometer reading at which the warranty expires and the name and address of the
31	insurer issuing the policy of insurance as described in subsection (b) of this section.

1 (h) The repair of a malfunction or defect covered under a mechanical repair $\mathbf{2}$ contract shall include the cost of the teardown and diagnosing the malfunction or defect. 3 The provisions of the Maryland Consumer Products Guaranty Act, Title (i) (1) 14, Subtitle 4 of the Commercial Law Article, apply to a mechanical repair contract sold in 4 5the State. 6 (2) IN ADDITION TO THE REQUIREMENTS FOR LICENSED VEHICLE 7 DEALERS, OBLIGORS, AND AGENTS ESTABLISHED UNDER § 14-404 OF THE COMMERCIAL LAW ARTICLE, A LICENSED VEHICLE DEALER, AN OBLIGOR, OR AN 8 9 AGENT: 10(I) MAY NOT MAKE DECEPTIVE OR MISLEADING STATEMENTS 11 **REGARDING A MECHANICAL REPAIR CONTRACT: AND** 12(III) SHALL ENSURE THAT TESTIMONIALS OF ANY OF THEIR 13ENDORSERS ARE TRUTHFUL, ACCURATE, AND NOT DECEPTIVE. 14 14-404.1. 15(A) A MECHANICAL REPAIR CONTRACT UNDER § 15-311.2 OF THE TRANSPORTATION ARTICLE MAY NOT CONTAIN A PROVISION PRECLUDING 16 17COVERAGE FOR AN ISSUE WITH A MOTOR VEHICLE IDENTIFIED IN A TECHNICAL 18 SERVICE BULLETIN. 19 **(B)** A GUARANTOR OR PROVIDER MAY NOT DENY A MECHANICAL REPAIR 20CONTRACT CLAIM BECAUSE THE DIAGNOSED ISSUE WITH THE MOTOR VEHICLE FOR 21 WHICH THE CLAIM WAS MADE WAS IDENTIFIED IN A TECHNICAL SERVICE BULLETIN. 22SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 23October 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.