

FOR the purpose of establishing the conditions under which a motor vehicle service contract may be issued, sold, or offered for sale; requiring a motor vehicle service contract to contain certain rights and disclosures; prohibiting a motor vehicle service contract reimbursement insurance policy from being issued, sold, or offered for sale unless the policy contains certain disclosures; authorizing the Insurance Commissioner and the Attorney General to issue certain orders for a violation of this Act; authorizing the Insurance Commissioner to adopt certain regulations; defining certain terms; and generally relating to the Motor Vehicle Service Contract Reimbursement Insurance Act providing that a certain policy of insurance constitutes adequate insurance reserves of a provider of services under a mechanical repair contract; requiring that a purchaser of a mechanical repair contract be entitled to make a direct claim against a certain insurer under certain circumstances; requiring the extended warranty or mechanical repair contract to set forth certain information; altering the definition of a term; providing for the applicability of this Act; providing that certain dealers have certain obligations; and generally relating to the regulation of mechanical repair contracts.

BY adding to

~~Article 48A — Insurance Code~~

~~Section 698 through 704 to be under the new subtitle “55. Motor Vehicle Service Contract Reimbursement Insurance Act”~~

~~Annotated Code of Maryland~~

~~(1991 Replacement Volume and 1992 Supplement)~~

BY repealing and reenacting, with amendments,

Article — Transportation

Section 15-311.1

Annotated Code of Maryland

(1992 Replacement Volume)

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

~~Article 48A — Insurance Code~~

~~Article — Transportation~~

~~55. MOTOR VEHICLE SERVICE CONTRACT REIMBURSEMENT INSURANCE ACT~~

~~698.~~

~~(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:~~

~~(B) “MECHANICAL BREAKDOWN INSURANCE” MEANS A POLICY, CONTRACT, OR AGREEMENT THAT:~~