

704.

~~THIS SUBTITLE SHALL BE KNOWN AS THE "MOTOR VEHICLE SERVICE CONTRACT REIMBURSEMENT INSURANCE ACT".~~

15-311.1.

(a) (1) For the purposes of this section, the term "mechanical repair contract" means any agreement or contract [between a] SOLD BY A licensed vehicle dealer [and a customer by which the dealer] UNDER WHICH A SPECIFIED PROVIDER agrees to perform over a fixed period of time, for a specific duration and for a specific identifiable price, services relating to the maintenance or repair of a motor vehicle; provided that the purchase of the contract is optional to the purchaser.

(2) The term "mechanical repair contract" includes, but is not limited to, extended warranties and extended service contracts.

(b) (1) Any [licensed vehicle dealer who offers, provides, or sells] PROVIDER OF SERVICES UNDER A mechanical repair [contracts] CONTRACT shall maintain adequate insurance reserves, as defined by the Insurance Commissioner, for each such contract for the protection of the purchasing consumer. A POLICY OF INSURANCE PROVIDING COVERAGE FOR ALL OBLIGATIONS AND LIABILITIES INCURRED BY A PROVIDER UNDER THE TERMS OF A MECHANICAL REPAIR CONTRACT SHALL CONSTITUTE ADEQUATE INSURANCE RESERVES.

(2) The reserves shall be maintained with an insurer authorized to do business in Maryland on an admitted or surplus lines basis.

(3) ANY PURCHASER OF A MECHANICAL REPAIR CONTRACT SHALL BE ENTITLED TO MAKE A DIRECT CLAIM AGAINST THE INSURER ISSUING A POLICY OF INSURANCE UNDER THIS SUBSECTION UPON FAILURE OF THE SPECIFIED PROVIDER TO PAY ANY CLAIM OR MAKE ANY REFUND OR CONSIDERATION DUE WITHIN 60 DAYS AFTER THE PROOF IS FILED WITH THE PROVIDER.

(c) Any extended warranty or mechanical repair contract shall be offered in addition to any express warranty originally included as part of the contract for sale of a new motor vehicle.

(d) Any extended warranty or mechanical repair contract [described under subsection (c) of this section] shall clearly and conspicuously set forth the date when the warranty begins.

(e) Any extended warranty or mechanical repair contract [described under subsection (c) of this section] shall clearly and conspicuously set forth the date or the odometer reading at which the warranty expires AND THE NAME AND ADDRESS OF THE INSURER ISSUING THE POLICY OF INSURANCE AS DESCRIBED IN SUBSECTION (B) OF THIS SECTION.

(F) THE PROVISIONS OF THIS SECTION DO NOT APPLY TO MECHANICAL REPAIR CONTRACTS ISSUED BY THE MOTOR VEHICLE MANUFACTURER OR THE DISTRIBUTOR OR A WHOLLY OWNED SUBSIDIARY OF THE MANUFACTURER OR THE DISTRIBUTOR AS DEFINED IN § 15-201 OF THIS TITLE.