

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1981.

Approved May 19, 1981.

-----

CHAPTER 575

(Senate Bill 834)

AN ACT concerning

Vehicle Dealers - Mechanical Repair Contracts

FOR the purpose of establishing certain insurance requirements for certain mechanical repair contracts entered into by licensed vehicle dealers; defining a certain term; and generally relating to the regulation of vehicle dealers.

BY adding to

Article - Transportation  
Section 15-311.1  
Annotated Code of Maryland  
(1977 Volume and 1980 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article - Transportation

15-311.1.

(A) (1) FOR THE PURPOSES OF THIS SECTION, THE TERM "MECHANICAL REPAIR CONTRACT" MEANS ANY AGREEMENT OR CONTRACT BETWEEN A LICENSED VEHICLE DEALER AND A CUSTOMER BY WHICH THE DEALER 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 MECHANICAL REPAIR CONTRACTS SHALL MAINTAIN ADEQUATE INSURANCE RESERVES, AS DEFINED BY THE INSURANCE COMMISSIONER, FOR EACH SUCH CONTRACT FOR THE PROTECTION OF THE PURCHASING CONSUMER.