

HOUSE BILL 587

C4, I3

2lr1879
CF 2lr1878

By: **Delegate Carey**

Introduced and read first time: January 31, 2022 Assigned
to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Financial Protection Product Agreements Act**

3 FOR the purpose of establishing requirements applicable to motor vehicle financial 4
protection product agreements, including requirements related to the circumstances 5 under
which motor vehicle financial protection product agreements can be canceled 6 and disclosed;
authorizing creditors to insure obligations under debt waiver 7 agreements; establishing
requirements for insurance policies providing coverage for 8 obligations under debt waiver
agreements; requiring certain creditors to insure

9 certain obligations under a debt waiver agreement in a certain manner; requiring a 10
provider of a vehicle value protection agreement to comply with certain

11 requirements; and generally relating to motor vehicle financial protection
product
12 agreements.

13 BY adding to

14 Article – Insurance

15 Section 33–101 through 33–401 to be under the new title “Title 33. Motor
Vehicle

16 Financial Protection Product Agreements”

17 Annotated Code of Maryland

18 (2017 Replacement Volume and 2021 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
MARYLAND,

20 That the Laws of Maryland read as follows:

21 **Article – Insurance**

22 **TITLE 33. MOTOR VEHICLE FINANCIAL PROTECTION
PRODUCT AGREEMENTS.**

23 **SUBTITLE 1. GENERAL PROVISIONS.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

hb0587

1 **(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
2 **INDICATED.**

3 **(B) “ADMINISTRATOR” MEANS:**

4 **(1) WITH RESPECT TO A DEBT WAIVER AGREEMENT, A PERSON, 5 OTHER THAN**
6 **AN INSURER OR A CREDITOR, THAT PERFORMS ADMINISTRATIVE OR**
6 **OPERATIONAL FUNCTIONS UNDER THE DEBT WAIVER AGREEMENT; OR**

7 **(2) WITH RESPECT TO A VEHICLE VALUE PROTECTION AGREEMENT,**
8 **THE PERSON WHO IS RESPONSIBLE FOR THE ADMINISTRATIVE OR**
9 **OPERATIONAL 9 FUNCTIONS OF THE VEHICLE VALUE PROTECTION**
10 **AGREEMENT, INCLUDING THE**
10 **ADJUDICATION OF CLAIMS OR BENEFIT REQUESTS BY A CONTRACT**
10 **HOLDER.**

11 **(C) “BORROWER” MEANS:**

12 **(1) A BUYER UNDER AN INSTALLMENT SALE AGREEMENT;**

13 **(2) A BORROWER UNDER AN AGREEMENT FOR A LOAN AS DEFINED**
14 **IN § 12-1001 OF THE COMMERCIAL LAW ARTICLE; OR**

15 **(3) A LESSEE UNDER A LEASE.**

16 **(D) “CONSUMER” MEANS:**

17 **(1) A BORROWER UNDER A DEBT WAIVER AGREEMENT; OR**

18 **(2) A CONTRACT HOLDER UNDER A VEHICLE VALUE PROTECTION**
19 **AGREEMENT.**

20 **(E) “CONTRACT HOLDER” MEANS A PERSON WHO IS THE**
21 **PURCHASER OR**
21 **HOLDER OF A VEHICLE VALUE PROTECTION AGREEMENT.**

22 **(F) “CREDITOR” MEANS:**

23 **(1) A SELLER UNDER AN INSTALLMENT SALE AGREEMENT;**

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24 **(2) A CREDIT GRANTOR UNDER A LOAN AS DEFINED IN § 12-1001 OF**
25 **THE COMMERCIAL LAW ARTICLE;**

26 **(3) A LESSOR UNDER A LEASE; OR**

(4) AN ASSIGNEE OF AN INDIVIDUAL LISTED IN ITEM (1), (2), OR (3)
2 **OF THIS SUBSECTION TO WHOM A CREDIT OBLIGATION IS PAYABLE.**

3 **(G) “DEBT CANCELLATION AGREEMENT” HAS THE MEANING STATED IN § 4 12-1001**
 OF THE COMMERCIAL LAW ARTICLE.

5 **(H) “DEBT WAIVER AGREEMENT” MEANS:**

6 **(1) A DEBT CANCELLATION AGREEMENT; OR**

7 **(2) AN EXCESS WEAR AND USE AGREEMENT.**

8 **(I) “EXCESS WEAR AND USE AGREEMENT” MEANS AN AGREEMENT THAT IS**
9 **PART OF A LEASE OR AN ADDENDUM TO A LEASE UNDER WHICH A LESSOR, WITH OR**
10 **WITHOUT A SEPARATE CHARGE, AGREES TO CANCEL OR WAIVE ALL OR PART OF ANY**
11 **AMOUNT THAT MAY BECOME DUE UNDER THE LEASE AS A RESULT OF EXCESSIVE 12**
12 **WEAR AND USE OF THE MOTOR VEHICLE, INCLUDING AMOUNTS DUE FOR EXCESS**
13 **MILEAGE.**

14 **(J) (1) “FINANCE AGREEMENT” MEANS AN AGREEMENT**
 INVOLVING THE
15 **PURCHASE, REFINANCING, OR LEASE OF A MOTOR VEHICLE.**

16 **(2) “FINANCE AGREEMENT” INCLUDES:**

17 **(I) AN INSTALLMENT SALE AGREEMENT;**

18 **(II) AN AGREEMENT FOR A LOAN AS DEFINED IN § 12-1001 OF**
19 **THE COMMERCIAL LAW ARTICLE; AND**

20 **(III) A LEASE.**

21 **(K) “FREE LOOK PERIOD” MEANS THE PERIOD OF TIME WITHIN**
 WHICH A 22 CONSUMER MAY CANCEL A MOTOR VEHICLE
 FINANCIAL PROTECTION PRODUCT 23 AGREEMENT WITHOUT

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PENALTY, FEES, OR COSTS AND RECEIVE A FULL REFUND OF 24
THE PURCHASE PRICE PAID FOR THE MOTOR VEHICLE FINANCIAL
PROTECTION

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PRODUCT AGREEMENT.

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(L) "INSTALLMENT SALE AGREEMENT" HAS THE MEANING STATED IN §
12-601 OF THE COMMERCIAL LAW ARTICLE.

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(M) "LEASE" HAS THE MEANING STATED IN § 14-2001 OF THE COMMERCIAL
29 LAW ARTICLE.

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(N) "LESSEE" HAS THE MEANING STATED IN § 14-2001 OF THE
COMMERCIAL LAW ARTICLE.

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(O) "LESSOR" HAS THE MEANING STATED IN § 14-2001 OF THE
COMMERCIAL LAW ARTICLE.

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(P) "MOTOR VEHICLE" HAS THE MEANING STATED IN TITLE 11,
SUBTITLE
1 OF THE TRANSPORTATION ARTICLE.

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7

(Q) "MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT
AGREEMENT"

8

INCLUDES:

9

(1) A DEBT WAIVER AGREEMENT; AND

10

(2) A VEHICLE VALUE PROTECTION AGREEMENT.

11

(R) "PROVIDER" MEANS A PERSON THAT:

12

(1) IS OBLIGATED TO PROVIDE A BENEFIT UNDER A VEHICLE VALUE
PROTECTION AGREEMENT; AND

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14

(2) MAY ACT AS AN ADMINISTRATOR OR RETAIN THE SERVICES OF A
THIRD-PARTY ADMINISTRATOR.

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(S) "RETAIL SELLER" MEANS A SELLER AS DEFINED IN § 12-601 OF
THIS

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ARTICLE.

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(T) (1) “VEHICLE VALUE PROTECTION AGREEMENT” MEANS AN AGREEMENT TO REDUCE, ON THE OCCURRENCE OF A COVERED EVENT, ALL OR A PORTION OF A CONTRACT HOLDER’S FINANCE AGREEMENT DEFICIENCY BALANCE AT THE TIME OF THE COVERED EVENT, INCLUDING A CREDIT TOWARD THE PURCHASE OR LEASE OF A REPLACEMENT MOTOR VEHICLE OR FOR MOTOR VEHICLE

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SERVICES.

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(2) “VEHICLE VALUE PROTECTION AGREEMENT” DOES NOT INCLUDE:

25

(I) A DEBT WAIVER AGREEMENT; OR

26

(II) A MECHANICAL REPAIR CONTRACT AS DEFINED IN § 15-311.2 OF THE TRANSPORTATION ARTICLE.

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33-102.

(A) THIS TITLE DOES NOT APPLY TO:

2

(1) A FEDERAL OR STATE BANK, TRUST COMPANY, CREDIT UNION, OR

3

SAVINGS AND LOAN ASSOCIATION; OR

4

(2) A SUBSIDIARY OR AFFILIATE OF AN INSTITUTION DESCRIBED IN ITEM (1) OF THIS SUBSECTION.

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(B) A MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT MAY ONLY BE OFFERED, SOLD, OR GIVEN TO A CONSUMER IN ACCORDANCE WITH THIS

8

TITLE.

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(C) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE AMOUNT CHARGED OR FINANCED FOR A MOTOR VEHICLE FINANCIAL PROTECTION

11

PRODUCT AGREEMENT SOLD OR GIVEN IN COMPLIANCE WITH THIS TITLE:

12

(I) IS AN AUTHORIZED CHARGE THAT MUST BE FOR A SEPARATELY STATED CONSIDERATION; AND

13

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14 (II) IS NOT A FINANCE CHARGE OR INTEREST.

15 (2) FOR A DEBT WAIVER AGREEMENT, THE AMOUNT CHARGED OR
16 FINANCED FOR THE DEBT WAIVER AGREEMENT AND THE
17 SEPARATELY STATED 17 CONSIDERATION SHALL BE DISCLOSED IN
18 THE FINANCE AGREEMENT OR IN THE LEASE.

19 (D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, 20 THE
PURCHASE, LEASE, OR EXTENSION OF CREDIT FOR THE PURCHASE OR LEASE 21 OF A
MOTOR VEHICLE MAY NOT BE CONDITIONED ON THE PURCHASE OF A MOTOR
22 VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT.

23 (2) A MOTOR VEHICLE FINANCIAL PROTECTION
PRODUCT
24 AGREEMENT MAY BE DISCOUNTED OR GIVEN AT NO CHARGE IN
CONNECTION WITH
25 THE PURCHASE OF OTHER NONCREDIT RELATED GOODS AND SERVICES.

26 (E) A MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT
AGREEMENT
27 OFFERED, SOLD, OR GIVEN IN ACCORDANCE WITH THIS TITLE IS NOT
INSURANCE.

28 33-103.

29 (A) (1) A MOTOR VEHICLE FINANCIAL PROTECTION
PRODUCT
30 AGREEMENT SHALL INCLUDE A FREE LOOK PERIOD.

(2) A MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT
2 AGREEMENT IS NO LONGER VALID IF A CONSUMER RECEIVES A BENEFIT
UNDER THE
3 MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT
DURING THE FREE
4 LOOK PERIOD.

5 (3) A FREE LOOK PERIOD MAY BE NOT LESS THAN 30 DAYS.

6 (B) (1) SUBJECT TO SUBSECTIONS (D) THROUGH (F) OF THIS
SECTION, A

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7 CONSUMER MAY CANCEL A MOTOR VEHICLE FINANCIAL PROTECTION
PRODUCT 8 AGREEMENT BY WRITTEN REQUEST UNLESS THE MOTOR
VEHICLE FINANCIAL 9 PROTECTION PRODUCT AGREEMENT STATES
10 THAT IT MAY NOT BE CANCELED AFTER
THE FREE LOOK PERIOD.

11 (2) A WRITTEN REQUEST TO CANCEL A MOTOR VEHICLE FINANCIAL 12 PROTECTION
PRODUCT AGREEMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION 13 SHALL BE
MADE TO THE CREDITOR, PROVIDER, OR ADMINISTRATOR IN
14 ACCORDANCE WITH THE MOTOR VEHICLE FINANCIAL PROTECTION AGREEMENT.

15 (3) IF A CONSUMER SUBMITS A WRITTEN REQUEST IN ACCORDANCE 16 WITH
PARAGRAPH (2) OF THIS SUBSECTION, THE CONSUMER SHALL RECEIVE A
17 REFUND OF THE UNEARNED PORTION OF THE PURCHASE PRICE OF THE MOTOR 18
VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT PAID BY THE CONSUMER
19 MINUS A CANCELLATION FEE NOT EXCEEDING \$75.

20 (C) IF A MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT 21
CANNOT BE CANCELED AFTER THE FREE LOOK PERIOD, THE MOTOR VEHICLE 22
FINANCIAL PROTECTION PRODUCT AGREEMENT SHALL STATE IN BOLD LETTERING
23 AND IN AT LEAST 12 POINT FONT THAT THE MOTOR VEHICLE FINANCIAL 24
PROTECTION PRODUCT AGREEMENT CANNOT BE CANCELED AFTER THE FREE LOOK
25 PERIOD.

26 (D) A DEBT WAIVER AGREEMENT MAY REQUIRE A CONSUMER TO
MAKE A
27 WRITTEN REQUEST TO THE CREDITOR, PROVIDER, OR ADMINISTRATOR:

28 (1) IF THE CONSUMER WANTS TO CANCEL THE DEBT WAIVER
29 AGREEMENT DUE TO EARLY TERMINATION OF THE FINANCE
AGREEMENT; AND

30 (2) WITHIN 90 DAYS AFTER THE EVENT THAT CAUSED THE
31 TERMINATION OF THE FINANCE AGREEMENT.

32 (E) IF A DEBT WAIVER AGREEMENT IS CANCELED DUE TO A DEFAULT
UNDER 33 THE FINANCE AGREEMENT, THE REPOSSESSION OF THE
MOTOR VEHICLE, OR ANY 34 OTHER TERMINATION OF THE FINANCE
AGREEMENT, ANY REFUND DUE TO THE

CONSUMER MAY BE APPLIED TO THE BALANCE DUE UNDER THE FINANCE AGREEMENT.

(F) A MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT MAY NOT BE CANCELED AFTER A BENEFIT UNDER THE MOTOR VEHICLE FINANCIAL

5 **PROTECTION PRODUCT AGREEMENT WAS PROVIDED TO A CONSUMER.**

6 **(G) (1) A PROVIDER MAY NOT CANCEL A VEHICLE VALUE**
7 **PROTECTION AGREEMENT UNLESS:**

8 **(I) THE CANCELLATION IS ALLOWED UNDER THE VEHICLE**
9 **VALUE PROTECTION AGREEMENT; AND**

10 **(II) THE PROVIDER MAILES PRIOR WRITTEN**
11 **NOTICE OF**
12 **CANCELLATION TO THE CONTRACT HOLDER STATING THE**
13 **EFFECTIVE DATE OF THE**
14 **CANCELLATION AND THE REASON FOR THE CANCELLATION.**

15 **(2) (I) THE NOTICE REQUIRED IN PARAGRAPH (1)(II) OF**
16 **THIS**
17 **SUBSECTION SHALL BE MAILED TO THE LAST KNOWN ADDRESS OF**
18 **THE CONTRACT 15 HOLDER ON RECORD WITH THE PROVIDER AT**
19 **LEAST 10 DAYS BEFORE**
20 **CANCELLATION.**

(II) A PROVIDER IS NOT REQUIRED TO PROVIDE PRIOR
NOTICE
OF CANCELLATION IF THE CANCELLATION IS DUE TO:

1. THE NONPAYMENT OF THE PROVIDER FEE BY A
CONTRACT HOLDER;

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21 **2. A MATERIAL MISREPRESENTATION BY THE**
22 **CONTRACT**
 HOLDER TO THE PROVIDER OR ADMINISTRATOR; OR

23 **3. A MATERIAL BREACH OF THE VEHICLE VALUE**
24 **PROTECTION AGREEMENT RELATING TO THE MOTOR**
 VEHICLE OR ITS USE.

25 **(3) (I) IF A PROVIDER CANCELS A VEHICLE VALUE**
 PROTECTION 26 AGREEMENT AND THE CANCELLATION IS
 FOR A REASON OTHER THAN NONPAYMENT 27 OF A
 PROVIDER FEE, A PROVIDER SHALL REFUND THE
 UNEARNED PRO RATA 28 PROVIDER FEE PAID BY THE
29 **CONTRACT HOLDER, IF ANY, MINUS A REASONABLE**
 ADMINISTRATIVE FEE NOT TO EXCEED \$75.

30 **(II) IF COVERAGE UNDER THE VEHICLE VALUE PROTECTION 31 AGREEMENT**
 CONTINUES AFTER A CLAIM, THE AMOUNT PAID MAY BE DEDUCTED 32 FROM THE
 REFUND.

1 **33-104.**

2 **(A) THIS SECTION DOES NOT APPLY TO MOTOR VEHICLE FINANCIAL 3 PROTECTION**
 PRODUCT AGREEMENTS FOR A MOTOR VEHICLE THAT WILL
4 **PRIMARYLY BE USED FOR BUSINESS PURPOSES.**

5 **(B) A MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT**
6 **SHALL CONTAIN THE FOLLOWING WRITTEN DISCLOSURES IN PLAIN LANGUAGE:**

7 **(1) THE NAME AND ADDRESS OF:**

8 **(I) THE CONSUMER;**

9 **(II) IF THE MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT 10 AGREEMENT IS**
 A DEBT WAIVER AGREEMENT, THE CREDITOR AT THE TIME OF THE
11 **SALE OR LEASE;**

12 (III) IF THE MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT
13 AGREEMENT IS A VEHICLE VALUE PROTECTION AGREEMENT, THE
14 PROVIDER; AND

14 (IV) THE ADMINISTRATOR, IF APPLICABLE;

15 (2) THE PURCHASE PRICE OF THE MOTOR VEHICLE FINANCIAL
16 PROTECTION PRODUCT AGREEMENT;

17 (3) A STATEMENT PROVIDING THAT THE CONSUMER HAS THE
18 RIGHT TO CANCEL THE MOTOR VEHICLE FINANCIAL
19 PROTECTION PRODUCT AGREEMENT WITHIN THE FREE LOOK
20 PERIOD AND RECEIVE A FULL REFUND OF THE PURCHASE
21 PRICE OF THE AGREEMENT UNLESS A BENEFIT UNDER THE DEBT
22 WAIVER

21 AGREEMENT WAS PROVIDED DURING THE FREE LOOK PERIOD;

22 (4) THE PROCEDURE THAT A CONSUMER MUST FOLLOW TO OBTAIN A 23 BENEFIT
24 UNDER THE MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT,
25 INCLUDING THE TELEPHONE NUMBER OR WEBSITE AND ADDRESS
26 WHERE THE CONSUMER CAN APPLY FOR THE BENEFIT;

26 (5) UNLESS THE MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT 27 AGREEMENT
28 STATES THAT IT MAY NOT BE CANCELED AFTER THE FREE LOOK 28 PERIOD:

29 (I) A STATEMENT PROVIDING THAT THE MOTOR VEHICLE 30 FINANCIAL PROTECTION
31 PRODUCT AGREEMENT MAY BE CANCELED AFTER THE FREE LOOK PERIOD ANY TIME
32 BEFORE A BENEFIT UNDER THE MOTOR VEHICLE

33 FINANCIAL PROTECTION PRODUCT AGREEMENT IS PROVIDED; AND

(II) FOR A DEBT WAIVER AGREEMENT, THE PROCEDURE FOR REQUESTING THE
34 CANCELLATION OF A DEBT WAIVER AGREEMENT AND A REFUND

5 OF THE PURCHASE PRICE, INCLUDING:

6 1. THE REQUIREMENT THAT THE REQUEST BE MADE IN

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WRITING AND ANY REQUIREMENTS FOR THE FORM OF THE REQUEST;

2. THE NAME AND ADDRESS OF THE PERSON TO WHOM THE REQUEST MUST BE SUBMITTED; AND

3. THE DEADLINE TO MAKE THE REQUEST FOR A REFUND IF THE CANCELLATION IS DUE TO THE TERMINATION OF THE FINANCE AGREEMENT IN ACCORDANCE WITH § 33-103(D) OF THIS SUBTITLE;

(6) FOR A DEBT WAIVER AGREEMENT, THE METHODOLOGY FOR CALCULATING THE DEBT WAIVER AGREEMENT ON THE CANCELLATION OF THE FINANCE AGREEMENT OR THE EARLY TERMINATION OF THE FINANCE AGREEMENT;

(7) FOR A DEBT WAIVER AGREEMENT, A STATEMENT PROVIDING THAT IF THE DEBT WAIVER AGREEMENT IS CANCELED DUE TO A DEFAULT UNDER THE FINANCE AGREEMENT, THE REPOSSESSION OF THE MOTOR VEHICLE, OR ANY OTHER TERMINATION OF THE FINANCE AGREEMENT, ANY REFUND DUE TO THE CONSUMER MAY BE APPLIED TO THE BALANCE DUE UNDER THE FINANCE AGREEMENT; AND

(8) A STATEMENT THAT THE PURCHASE OR LEASE, OR THE EXTENSION OF CREDIT FOR THE PURCHASE OR LEASE, OF A MOTOR VEHICLE MAY NOT BE CONDITIONED ON THE PURCHASE OF A MOTOR VEHICLE FINANCIAL PROTECTION PRODUCT AGREEMENT.

SUBTITLE 2. DEBT WAIVER AGREEMENTS.

33-201.

27 **(A) (1) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS**
SECTION, A CREDITOR MAY INSURE THE CREDITOR'S
28 **OBLIGATIONS UNDER A DEBT WAIVER**

29 **AGREEMENT.**

30 **(2) THE INSURANCE POLICY SHALL:**

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(I) BE ISSUED BY AN INSURER LICENSED, REGISTERED, OR OTHERWISE AUTHORIZED TO ISSUE CONTRACTUAL LIABILITY INSURANCE UNDER

3 **THIS ARTICLE;**

4 **(II) STATE THE OBLIGATIONS OF THE INSURER TO REIMBURSE 5 THE RETAIL SELLER FOR ANY SUMS THE RETAIL SELLER IS REQUIRED TO WAIVE**

6 **UNDER A DEBT WAIVER AGREEMENT;**

7 **(III) PROVIDE THE COVERAGE DESCRIBED IN ITEM (II) OF THIS 8 PARAGRAPH TO THE ASSIGNEE OR PURCHASER ON THE SALE OR TRANSFER OF THE**

9 **FINANCE AGREEMENT;**

10 **(IV) PROVIDE THAT COVERAGE REMAINS IN EFFECT UNLESS THE 11 COVERAGE IS CANCELED OR TERMINATED IN ACCORDANCE WITH THIS ARTICLE;**

12 **AND**

13 **(V) WITH RESPECT TO DEBT WAIVER AGREEMENTS ENTERED 14 INTO BEFORE THE EFFECTIVE DATE OF CANCELLATION OR TERMINATION FOR 15 WHICH PREMIUM HAS BEEN PAID, PROVIDE THAT THE INSURER'S OBLIGATION TO 16 REIMBURSE THE RETAIL SELLER FOR ANY AMOUNT THE RETAIL SELLER IS 17 OBLIGATED TO WAIVE UNDER A DEBT WAIVER AGREEMENT SUPERSEDES**

18 **CANCELLATION OR TERMINATION OF THE POLICY.**

19 **(B) (1) A RETAIL SELLER SHALL CONTINUOUSLY INSURE THE RETAIL 20 SELLER'S OBLIGATIONS UNDER A DEBT WAIVER AGREEMENT UNDER A 21 CONTRACTUAL LIABILITY OR OTHER INSURANCE POLICY ISSUED BY AN INSURER 22 PROVIDED THAT A LESSOR IS NOT REQUIRED TO INSURE THE LESSOR'S**

23 **OBLIGATIONS UNDER A DEBT WAIVER AGREEMENT WITH RESPECT TO A LEASE.**

24 **(2) AN INSURANCE POLICY PROCURED BY AN ADMINISTRATOR OF 25 THE RETAIL SELLER'S DEBT WAIVER AGREEMENT SATISFIES THE RETAIL SELLER'S**

26 **OBLIGATION UNDER THIS SUBSECTION IF IT INSURES THE RETAIL SELLER'S**

27 **OBLIGATIONS UNDER THE DEBT WAIVER AGREEMENT.**

28 **33-202.**

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29 **(A) A DEBT WAIVER AGREEMENT SHALL REMAIN A PART OF THE FINANCE 30**
31 **AGREEMENT UPON ASSIGNMENT, SALE, OR TRANSFER OF THE FINANCE AGREEMENT**
32 **BY THE CREDITOR.**

32 **(B) A CREDITOR THAT OFFERS A DEBT WAIVER AGREEMENT FOR**
33 **ASSIGNMENT, SALE, OR TRANSFER SHALL:**

(1) REPORT THE ASSIGNMENT, SALE, OR TRANSFER OF THE DEBT
WAIVER AGREEMENT; AND

(2) FORWARD ANY FUNDS DUE TO THE DESIGNATED PARTY OR
PARTIES.

5 **SUBTITLE 3. VEHICLE VALUE PROTECTION AGREEMENTS.**

6 **33-301.**

7 **TO ENSURE THE FAITHFUL PERFORMANCE OF ITS OBLIGATIONS TO ITS**
8 **CONTRACT HOLDERS, A PROVIDER OF VEHICLE VALUE PROTECTION**
9 **AGREEMENTS**
10 **SHALL:**

10 **(1) INSURE ITS AGREEMENTS IN ACCORDANCE WITH § 33-302 OF**
11 **THIS**
12 **SUBTITLE;**

12 **(2) MEET THE FUNDED RESERVE AND FINANCIAL SECURITY**
13 **DEPOSIT**
14 **REQUIREMENTS UNDER § 33-303 OF THIS SUBTITLE; OR**

14 **(3) MEET THE NET WORTH OR STOCKHOLDER EQUITY AND FILING**
15 **REQUIREMENTS UNDER § 33-304 OF THIS SUBTITLE.**

16 **33-302.**

17 **A PROVIDER THAT ELECTS TO COMPLY WITH THIS SUBTITLE UNDER §**
18 **33-301(1) OF THIS SUBTITLE SHALL INSURE ALL OF THE PROVIDER'S**
19 **VEHICLE VALUE PROTECTION AGREEMENTS UNDER AN INSURANCE**

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POLICY ISSUED BY AN 20 INSURER LICENSED, REGISTERED, OR
OTHERWISE AUTHORIZED TO DO BUSINESS IN 21 THE STATE THAT, AT
THE TIME THE POLICY IS FILED WITH THE COMMISSIONER AND

22 CONTINUOUSLY THEREAFTER:

23 (1) (I) MAINTAINS A SURPLUS AS TO POLICYHOLDERS AND PAID-IN 24 CAPITAL OF
AT LEAST \$15,000,000; AND

25 (II) ANNUALLY FILES COPIES OF THE INSURER'S AUDITED 26 FINANCIAL
STATEMENTS, NATIONAL ASSOCIATION OF INSURANCE 27 COMMISSIONERS ANNUAL
STATEMENT, AND THE ACTUARIAL CERTIFICATION

28 REQUIRED BY AND FILED IN THE INSURER'S STATE OF DOMICILE; OR

29 (2) (I) MAINTAINS A SURPLUS AS TO POLICY
HOLDERS
30 AND PAID-IN CAPITAL OF AT LEAST \$10,000,000 BUT LESS THAN
\$15,000,000;

(II) DEMONSTRATES TO THE SATISFACTION OF THE
COMMISSIONER THAT THE COMPANY MAINTAINS A RATIO OF NET WRITTEN 3
PREMIUMS, WHEREVER WRITTEN, TO SURPLUS AS TO POLICYHOLDERS AND PAID-IN
4 CAPITAL OF NOT GREATER THAN THREE TO ONE; AND

5 (III) ANNUALLY FILES COPIES OF THE INSURER'S AUDITED 6 FINANCIAL
STATEMENTS, NATIONAL ASSOCIATION OF INSURANCE 7 COMMISSIONERS ANNUAL
STATEMENT, AND THE ACTUARIAL CERTIFICATION
8 REQUIRED BY AND FILED IN THE INSURER'S STATE OF DOMICILE.

9 33-303.

10 (A) (1) A PROVIDER THAT ELECTS TO COMPLY WITH THIS SUBTITLE 11 UNDER § 33-
301(2) OF THIS SUBTITLE SHALL MAINTAIN A FUNDED RESERVE 12 ACCOUNT FOR
THE PROVIDER'S OBLIGATIONS UNDER VEHICLE VALUE PROTECTION
13 AGREEMENTS ISSUED AND OUTSTANDING IN THE STATE.

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**(2) THE RESERVE ACCOUNT REQUIRED UNDER PARAGRAPH
(1) OF**

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THIS SUBSECTION:

16

**(I) MAY NOT BE LESS THAN 40% OF GROSS CONSIDERATION
RECEIVED MINUS CLAIMS PAID, ON THE SALE OF THE VEHICLE
VALUE PROTECTION**

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AGREEMENT FOR ALL IN-FORCE CONTRACTS; AND

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**(II) SHALL BE SUBJECT TO EXAMINATION AND REVIEW BY THE
COMMISSIONER.**

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**(B) A PROVIDER THAT ELECTS TO COMPLY WITH THIS SUBTITLE
UNDER § 22 33-301(2) OF THIS SUBTITLE SHALL PLACE IN TRUST
WITH THE COMMISSIONER A FINANCIAL SECURITY DEPOSIT,
HAVING A VALUE OF NOT LESS THAN 5% OF THE GROSS
CONSIDERATION RECEIVED MINUS CLAIMS PAID, ON THE SALE OF
THE VEHICLE VALUE PROTECTION AGREEMENTS FOR ALL
VEHICLE VALUE PROTECTION**

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**AGREEMENTS ISSUED AND IN FORCE, BUT NOT LESS THAN \$25,000,
CONSISTING OF:**

27

(1) A SURETY BOND ISSUED BY AN AUTHORIZED SURETY;

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**(2) SECURITIES OF THE TYPE ELIGIBLE FOR DEPOSIT BY
AUTHORIZED**

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INSURERS IN THE STATE;

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(3) CASH;

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(4) A LETTER OF CREDIT ISSUED BY A QUALIFIED FINANCIAL

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INSTITUTION; OR

1 **(5) ANOTHER FORM OF SECURITY PRESCRIBED BY REGULATIONS**
2 **ISSUED BY THE COMMISSIONER.**

3 **33-304.**

4 **(A) A PROVIDER THAT ELECTS TO COMPLY WITH THIS SUBTITLE UNDER**
5 **§ 5 33-301(3) OF THIS SUBTITLE SHALL:**

6 **(1) MAINTAIN, ON THE PROVIDER'S OWN OR TOGETHER WITH THE**
7 **PROVIDER'S PARENT COMPANY, A NET WORTH OR STOCKHOLDER'S**
8 **EQUITY OF \$100,000,000; AND**

9 **(2) UPON REQUEST, PROVIDE THE COMMISSIONER WITH:**

10 **(I) A COPY OF THE PROVIDER'S OR THE PROVIDER'S PARENT** 11
11 **COMPANY'S MOST RECENT FORM 10-K OR FORM 20-F FILED WITH THE**
12 **SECURITIES**

13 **AND EXCHANGE COMMISSION WITHIN THE LAST CALENDAR YEAR; OR**

14 **(II) IF THE PROVIDER OR THE PROVIDER'S PARENT COMPANY** 14
15 **DOES NOT FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, A COPY OF** 15
16 **THE COMPANY'S AUDITED FINANCIAL STATEMENTS THAT SHOWS A NET WORTH OF**

17 **THE PROVIDER OR THE PROVIDER'S PARENT COMPANY OF AT LEAST**
18 **\$100,000,000.**

19 **(B) IF THE PROVIDER'S PARENT COMPANY'S FORM 10-K, FORM 20-F, OR**
20 **FINANCIAL STATEMENTS ARE FILED TO MEET THE PROVIDER'S FINANCIAL** 19
21 **SECURITY REQUIREMENT, THE PARENT COMPANY SHALL AGREE TO**
22 **GUARANTEE** 20 **THE OBLIGATIONS OF THE PROVIDER RELATING TO VEHICLE**
23 **VALUE PROTECTION**

24 **AGREEMENTS SOLD BY THE PROVIDER IN THE STATE.**

25 **SUBTITLE 4. PENALTIES.**

26 **33-401.**

24 (A) IN THIS SECTION, “VIOLATION OF A SIMILAR
NATURE” MEANS THE SAME 25 OR SIMILAR COURSE OF
ACTION, CONDUCT, OR PRACTICE, REGARDLESS OF
THE
26 NUMBER OF TIMES THE ACTION, CONDUCT, OR PRACTICE OCCURRED.

27 (B) SUBJECT TO THE NOTICE AND HEARING REQUIREMENTS OF TITLE 2
OF
28 THIS ARTICLE, THE COMMISSIONER MAY:

1 (1) ORDER A CREDITOR, PROVIDER, ADMINISTRATOR, OR ANY OTHER 2 PERSON NOT
IN COMPLIANCE WITH THIS TITLE TO CEASE AND DESIST FROM
3 PRODUCT-RELATED OPERATIONS IN VIOLATION OF THIS TITLE; AND

4 (2) IMPOSE A CIVIL PENALTY OF NOT MORE THAN:

5 (I) \$500 PER VIOLATION; AND

6 (II) \$10,000 IN THE AGGREGATE FOR ALL VIOLATIONS OF A
7 SIMILAR NATURE.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
9 apply only prospectively and may not be applied or interpreted to have any effect on or 10
application to any motor vehicle financial protection product agreements offered, sold, or 11
given in the State before January 1, 2023.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect 13 October
1, 2022.