

By: **Delegates Riley and Glassman**

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Assigned to: Rules and Executive Nominations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2001

CHAPTER 327

1 AN ACT concerning

2 **Vehicle Laws - Insurance Claim Settlements - Salvage**

3 FOR the purpose of ~~exempting from the definition of salvage a vehicle for which~~  
4 ~~possession~~ providing that when possession of a vehicle that is salvage is retained  
5 by the owner of the vehicle at the conclusion of a claim settlement by an  
6 insurance company, the insurance company is not considered to have acquired  
7 the vehicle; altering the requirements for an insurance company to notify the  
8 Motor Vehicle Administration when the company makes a claim settlement on a  
9 vehicle that is salvage and retained by the owner; requiring ~~a certain that the~~  
10 notice from an insurance company to the Administration that a certain vehicle is  
11 salvage ~~to~~ be accompanied by the title to the vehicle and a certain fee; requiring  
12 a certain notice to the Administration that a certain vehicle is salvage to include  
13 a certain statement by the insurance company; requiring the Administration to  
14 take certain actions upon receiving a certain notice that a certain vehicle is  
15 salvage; requiring the Administration to issue a new title for a certain vehicle  
16 after a certain inspection; and generally relating to salvage vehicles.

17 BY repealing and reenacting, with amendments,  
18 Article - Transportation  
19 Section 11-152 and 13-506  
20 Annotated Code of Maryland  
21 (1999 Replacement Volume and 2000 Supplement)

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

1 **Article - Transportation**

2 11-152.

3 (A) "Salvage" means any vehicle that:

4 (1) Has been damaged by collision, fire, flood, accident, trespass, or other  
5 occurrence to the extent that the cost to repair the vehicle for legal operation on a  
6 highway exceeds the fair market value of the vehicle prior to sustaining the damage;7 (2) Has been acquired by an insurance company as a result of a claim  
8 settlement; or

9 (3) Has been acquired by an automotive dismantler and recycler:

10 (i) As an abandoned vehicle, as defined under § 25-201 of this  
11 article; or

12 (ii) For rebuilding or for use as parts only.

13 (B) FOR PURPOSES OF THIS SECTION, A VEHICLE HAS NOT BEEN ACQUIRED  
14 BY AN INSURANCE COMPANY IF AN OWNER RETAINS POSSESSION OF THE VEHICLE  
15 UPON SETTLEMENT OF A CLAIM CONCERNING THE VEHICLE BY THE INSURANCE  
16 COMPANY.

17 13-506.

18 (a) (1) A salvage certificate shall be issued in accordance with the provisions  
19 of this section.

20 (2) A salvage certificate issued under this section shall:

21 (i) Be issued in the name of the applicant; and

22 (ii) Serve as an ownership document.

23 (A-1) FOR PURPOSES OF THIS SECTION, A VEHICLE HAS NOT BEEN ACQUIRED  
24 BY AN INSURANCE COMPANY IF AN OWNER RETAINS POSSESSION OF THE VEHICLE  
25 UPON SETTLEMENT OF A CLAIM CONCERNING THE VEHICLE BY THE INSURANCE  
26 COMPANY.

27 (b) The Administration shall issue a salvage certificate:

28 (1) To an insurance company that:

29 (i) Is licensed to insure automobiles in this State;

30 (ii) Acquires a vehicle as the result of a claim settlement; and

31 (iii) Within 10 days after the date of settlement, applies for a  
32 salvage certificate as provided in subsection (c) of this section;

- 1                   (2)     To an automotive dismantler and recycler that:
- 2                           (i)     Acquires a salvage vehicle from a source other than an  
3 insurance company licensed to insure automobiles in this State;
- 4                           (ii)    Acquires a salvage vehicle by a means other than a transfer of a  
5 salvage certificate; and
- 6                           (iii)  Applies for a salvage certificate as provided in subsection (d) of  
7 this section; or
- 8                   (3)     To any other person who:
- 9                           (i)     Acquires or retains ownership of a vehicle that is salvage, as  
10 defined in § 11-152 of this article;
- 11                           (ii)  Applies for a salvage certificate on a form provided by the  
12 Administration; and
- 13                           (iii)  Pays a fee established by the Administration.
- 14   (c)   (1)     An insurance company shall apply for a salvage certificate on a form  
15 provided by the Administration for each vehicle titled in the State that is acquired as  
16 a result of a claim settlement arising from an accident that occurred in the State.
- 17                   (2)     The application under paragraph (1) of this subsection shall be  
18 accompanied by:
- 19                           (i)     The certificate of title of the vehicle;
- 20                           (ii)  A statement by the insurance company that:
- 21                                   1.     The cost to repair the vehicle for highway operation is  
22 greater than the fair market value of the vehicle prior to sustaining the damage for  
23 which the claim was paid;
- 24                                   2.     The cost to repair the vehicle for highway operation is  
25 equal to or less than the fair market value of the vehicle prior to sustaining the  
26 damage for which the claim was paid;
- 27                                   3.     The vehicle is not rebuildable, will be used for parts only,  
28 and is not to be retitled; or
- 29                                   4.     The vehicle has been stolen; and
- 30                           (iii)  A fee established by the Administration.
- 31                   (3)     Subject to the provisions of § 13-507(c)(2) of this subtitle, a salvage  
32 certificate issued under this paragraph shall contain a conspicuous notation by the  
33 Administration that describes which of the statements under paragraph (2)(ii) of this  
34 subsection applies to the vehicle.

1 (d) (1) An automotive dismantler and recycler may apply for a salvage  
2 certificate on a form provided by the Administration.

3 (2) The application under paragraph (1) of this subsection shall be  
4 accompanied by:

5 (i) The document through which ownership of the vehicle was  
6 acquired; and

7 (ii) A fee established by the Administration.

8 (e) (1) An insurance company shall promptly notify the Administration  
9 when the company makes a claim settlement on a vehicle that is salvage if:

10 (i) The vehicle is [4] 7 model years old or newer; and

11 (ii) The owner retains possession of the vehicle.

12 (2) The notice under paragraph (1) of this subsection shall [provide the]  
13 BE ACCOMPANIED BY THE TITLE TO THE VEHICLE AND A FEE ESTABLISHED BY THE  
14 ADMINISTRATION AND SHALL INCLUDE:

15 (I) THE name of the vehicle's owner and a description of the vehicle;  
16 AND

17 (II) A STATEMENT BY THE INSURANCE COMPANY THAT:

18 1. THE COST TO REPAIR THE VEHICLE FOR HIGHWAY  
19 OPERATION IS GREATER THAN THE FAIR MARKET VALUE OF THE VEHICLE PRIOR TO  
20 SUSTAINING THE DAMAGE FOR WHICH THE CLAIM WAS PAID; OR

21 2. THE VEHICLE IS NOT REBUILDABLE, WILL BE USED FOR  
22 PARTS ONLY, AND IS NOT TO BE RETITLED.

23 (3) On receipt of the notice under paragraph (1) of this subsection, the  
24 Administration shall:

25 (i) Record that the vehicle has been declared salvage; and

26 (ii) 1. [Send] IN THE CASE OF A VEHICLE DESCRIBED IN  
27 PARAGRAPH (2)(II)1 OF THIS SUBSECTION, SEND a notice to the owner of the vehicle  
28 that the vehicle registration [may not be renewed until] WILL BE SUSPENDED  
29 UNLESS the owner submits proof satisfactory to the Administration that the vehicle  
30 has been inspected FOR SAFETY, in compliance with [§ 13-507 of this subtitle] TITLE  
31 23 OF THIS ARTICLE, WITHIN 90 DAYS OF THE DATE OF THE NOTICE; OR

32 2. IN THE CASE OF A VEHICLE DESCRIBED IN PARAGRAPH  
33 (2)(II)2 OF THIS SUBSECTION:

34 A. ISSUE A SALVAGE CERTIFICATE TO THE OWNER OF THE  
35 VEHICLE; AND

1                                   B.        SEND A NOTICE TO THE OWNER OF THE VEHICLE THAT  
2 THE VEHICLE REGISTRATION HAS BEEN SUSPENDED AND DIRECTING THAT THE  
3 VEHICLE'S REGISTRATION PLATES BE RETURNED IMMEDIATELY TO THE  
4 ADMINISTRATION.

5                   (4)        IN ACCORDANCE WITH § 13-507 OF THIS SUBTITLE, AFTER A  
6 ~~SALVAGE VEHICLE DESCRIBED IN PARAGRAPH (2)(II)1 OF THIS SUBSECTION HAS~~  
7 BEEN INSPECTED FOR SAFETY IN ACCORDANCE WITH TITLE 23 OF THIS ARTICLE,  
8 THE ADMINISTRATION SHALL SEND A NEW TITLE FOR THE VEHICLE TO THE OWNER.

9       (f)        The Administration shall maintain records to indicate that a vehicle:

10               (1)        Was transferred as salvage; and

11               (2)        May not be titled or registered for operation in this State except in  
12 accordance with § 13-507 of this subtitle.

13       (g)        The Administration shall establish a fee for a duplicate salvage certificate.

14       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 July 1, 2001.