
By: Delegate Fulton

Introduced and read first time: February 7, 1996
Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - Salvage Certificates - Insurance Companies**

3 FOR the purpose of repealing a requirement that the application of an insurance
4 company for a salvage certificate be accompanied by a certain statement of the cost
5 to repair the vehicle relative to the vehicle's fair market value or by a statement that
6 the vehicle is not repairable or was stolen; repealing requirements that limit the
7 circumstances under which a certificate of title issued for a salvage vehicle must
8 contain a notation that the vehicle is "rebuilt salvage"; making conforming changes;
9 making a stylistic change; and generally relating to salvage certificates.

10 BY repealing and reenacting, with amendments,
11 Article - Transportation
12 Section 13-506 and 13-507
13 Annotated Code of Maryland
14 (1992 Replacement Volume and 1995 Supplement)

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

17 **Article - Transportation**

18 13-506.

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

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

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

23 (ii) Serve as an ownership document.

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

25 (1) To an insurance company that:

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

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

2

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

3 (2) To an automotive dismantler and recycler that:

4 (i) Acquires a salvage vehicle from a source other than an insurance
5 company licensed to insure automobiles in this State;

6 (ii) Acquires a salvage vehicle by a means other than a transfer of a
7 salvage certificate; and

8 (iii) Applies for a salvage certificate as provided in subsection (d) of
9 this section; or

10 (3) To any other person who:

11 (i) Acquires or retains ownership of a vehicle that is salvage, as
12 defined in § 11-152 of this article;

13 (ii) Applies for a salvage certificate on a form provided by the
14 Administration; and

15 (iii) Pays a fee established by the Administration.

16 (c) (1) An insurance company shall apply for a salvage certificate on a form
17 provided by the Administration for each vehicle titled in the State that is acquired as a
18 result of a claim settlement arising from an accident that occurred in the State.

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

21 (i) The certificate of title of the vehicle; AND

22 (ii) [A statement by the insurance company that:

23 1. The cost to repair the vehicle for highway operation is
24 greater than the fair market value of the vehicle prior to sustaining the damage for which
25 the claim was paid;

26 2. The cost to repair the vehicle for highway operation is equal
27 to or less than the fair market value of the vehicle prior to sustaining the damage for
28 which the claim was paid;

29 3. The vehicle is not rebuildable, will be used for parts only, and
30 is not to be retitled; or

31 4. The vehicle has been stolen; and

32 (iii)] A fee established by the Administration.

33 [(3) Subject to the provisions of § 13-507(c)(2) of this subtitle, a salvage
34 certificate issued under this paragraph shall contain a conspicuous notation by the
35 Administration that describes which of the statements under paragraph (2)(ii) of this
36 subsection applies to the vehicle.]

3

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 when
9 the company makes a claim settlement on a vehicle that is salvage if:

10 (i) The vehicle is 4 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 name of the vehicle's owner and a description of the vehicle.

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

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

17 (ii) Send a notice to the owner of the vehicle that the vehicle
18 registration may not be renewed until the owner submits proof satisfactory to the
19 Administration that the vehicle has been inspected in compliance with §13-507 of this
20 subtitle.

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

22 (1) Was transferred as salvage; and

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

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

26 13-507.

27 (a) (1) An application for a certificate of title of a vehicle for which a salvage
28 certificate has been issued shall be made by the owner of the vehicle on a form that the
29 Administration requires.

30 (2) An application under paragraph (1) of this subsection shall be
31 accompanied by:

32 (i) Except as provided in subsection (c)(3) of this section, the salvage
33 certificate for the vehicle;

34 (ii) A certificate of inspection issued by a county police department or
35 the Department of State Police; and

36 (iii) A certificate of inspection as required under Title 23 of this article.

4

1 (3) (i) The Administration may establish a fee for an inspection under
2 paragraph (2)(ii) of this subsection.

3 (ii) The fees collected under this paragraph shall be paid into the
4 Vehicle Theft Prevention Fund established under Article 41, § 4-1604 of the Code.

5 (b) [(1)] The certificate of title issued by the Administration shall [be]:

6 [(i)] (1) [Issued] BE ISSUED in the name of the applicant; [and]

7 [(ii)] (2) [In] BE IN a form as provided in this subsection[.]; AND

8 [(2)] (3) [The Administration shall issue a certificate of title that contains]
9 CONTAIN a conspicuous notation that the vehicle is "rebuilt salvage" [if the salvage
10 certificate accompanying the application:

11 (i) Bears a notation under § 13-506(c)(2)(ii)1 of this subtitle; or

12 (ii) Does not bear a notation under § 13-506(c)(2)(ii)2 of this subtitle.

13 (3) The Administration shall issue a certificate of title that does not contain
14 a notation under paragraph (2) of this subsection if the salvage certificate accompanying
15 the application:

16 (i) Bears a notation under § 13-506(c)(2)(ii)2 of this subtitle;

17 (ii) Is issued before October 1, 1992 and the application is
18 accompanied by a statement in writing from an insurance company that the cost to repair
19 the vehicle was equal to or less than the fair market value of the vehicle prior to the
20 vehicle sustaining damage; or

21 (iii) Is issued for a vehicle that is more than 7 model years old].

22 (c) (1) When an insurance company makes a claim settlement on a vehicle that
23 has been stolen, the company shall apply for a salvage certificate as provided in §
24 13-506(c) of this subtitle.

25 (2) On receipt of an application under this subsection, the Administration:

26 (i) Shall make the appropriate notation in its records; and

27 (ii) May not issue the salvage certificate until the vehicle is recovered.

28 (3) When a vehicle that has been stolen is recovered, the Administration
29 shall:

30 (i) Issue a salvage certificate for the vehicle [if the insurance
31 company submits a certification under § 13-506(c)(2)(ii)1, 2, or 3 of this subtitle]; or

32 (ii) Issue a certificate of title in lieu of a salvage certificate if the
33 insurance company states that the vehicle has not sustained damage or has sustained only
34 minor damage.

35 (4) The provisions of subsection (b) of this section apply to a certificate of
36 title issued under this subsection.

1 (5) A vehicle for which a certificate of title was issued underparagraph
2 (3)(ii) of this subsection is exempt from the vehicle excise tax as provided in §
3 13-810(a)(9) of this [article] TITLE.

4 (d) If the Administration receives an application for a certificate of title for a
5 vehicle accompanied by an ownership document issued by another state containing a
6 notation under the laws of the issuing state that the vehicle is in a condition that is
7 substantially similar to a vehicle that is rebuilt salvage under Maryland law, the certificate
8 of title issued by the Administration shall contain a similar notation.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act may not be
10 interpreted to have any effect on the termination of Chapter 459 of the Acts of 1994.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 October 1, 1996.