

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 773

(Senator Bromwell)

Finance

Motor Vehicle Liability Insurance - Valuation of Motor Vehicles

This bill requires a motor vehicle liability insurer, in determining the fair market value of a motor vehicle that is totally destroyed in a motor vehicle accident, to use the value of the vehicle in effect on the relevant date set forth in the national publication of used car values adopted for use by the Maryland Department of Transportation (MDOT). The determination is subject to: (1) the condition and mileage of the vehicle in accordance with the publication's guidelines; and (2) any other credible evidence offered by the insurer or the insured to demonstrate that the value set forth in the national publication fails to reflect the vehicle's actual condition or the actual local market cash price for motor vehicles in the same general condition. The determination must also take into consideration the reasonable repair cost to meet minimum State safety and emission standards and other customary and reasonable condition standards contained in the national publication.

Fiscal Summary

State Effect: The bill would not materially affect the finances or operations of the Maryland Insurance Administration.

Maryland Automobile Insurance Fund (MAIF): Potential increase in payout amounts for vehicles totaled in accidents, offset by additional premium revenues.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: No statutory provision requires motor vehicle liability insurers to use a particular method in valuating automobiles that are totally destroyed in an accident.

Background: MDOT currently uses the official used car guide of the National Automobile Dealer's Association (NADA) for purposes of computing titling tax on used vehicles.

MAIF: MAIF does not use the NADA used car guide currently employed by MDOT. MAIF advises that because of the different methods of establishing a value, MAIF could experience an increase in its payouts for vehicles totaled in accidents to the extent other methods establish values lower than the NADA guide. Any increase in expenditures would be passed on to policyholders in the form of increased premiums.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Automobile Insurance Fund, Maryland Insurance Administration, Maryland Department of Transportation, Department of Legislative Services

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