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By: **Delegates Kach and Hutchins**

Introduced and read first time: February 7, 2003

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Valuation of Motor Vehicles**

3 FOR the purpose of requiring a certain insurer to use a certain value from a certain  
4 used car guide to determine the fair market value of a motor vehicle that is  
5 totally destroyed in a motor vehicle accident; establishing that the  
6 determination of fair market value is subject to certain adjustments; requiring  
7 the determination of fair market value to take into consideration the reasonable  
8 cost of certain repairs; defining a certain term; and generally relating to the  
9 valuation of motor vehicles under motor vehicle liability insurance.

10 BY adding to

11 Article - Insurance

12 Section 27-914

13 Annotated Code of Maryland

14 (2002 Replacement Volume and 2002 Supplement)

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

17 **Article - Insurance**

18 27-914.

19 (A) IN THIS SECTION, "NADA USED CAR GUIDE" MEANS THE OFFICIAL USED  
20 CAR GUIDE PUBLISHED BY THE NATIONAL AUTOMOBILE DEALER'S ASSOCIATION.

21 (B) TO DETERMINE THE FAIR MARKET VALUE OF A MOTOR VEHICLE THAT IS  
22 TOTALLY DESTROYED IN A MOTOR VEHICLE ACCIDENT, AN INSURER THAT ISSUES  
23 OR DELIVERS A POLICY OF MOTOR VEHICLE LIABILITY INSURANCE IN THE STATE  
24 SHALL USE THE VALUE OF THE MOTOR VEHICLE THAT IS IN EFFECT ON THE  
25 RELEVANT DATE AS SET FORTH IN THE NADA USED CAR GUIDE.

26 (C) THE DETERMINATION OF FAIR MARKET VALUE UNDER SUBSECTION (B) OF  
27 THIS SECTION IS SUBJECT TO ADJUSTMENT UP OR DOWN BASED ON:

1           (1)     THE CONDITION AND MILEAGE OF THE MOTOR VEHICLE ON THE  
2 RELEVANT DATE IN ACCORDANCE WITH THE GUIDELINES CONTAINED IN THE NADA  
3 USED CAR GUIDE; AND

4           (2)     ANY OTHER CREDIBLE EVIDENCE OFFERED BY THE INSURER OR  
5 INSURED TO DEMONSTRATE THAT THE VALUE SET FORTH IN THE NADA USED CAR  
6 GUIDE FAILS TO REFLECT:

7                   (I)     THE ACTUAL CONDITION OF THE MOTOR VEHICLE; OR

8                   (II)    THE ACTUAL CASH PRICE OF MOTOR VEHICLES IN THE SAME  
9 GENERAL CONDITION IN THE LOCAL MARKET AREA.

10    (D)     THE DETERMINATION OF FAIR MARKET VALUE ALSO SHALL TAKE INTO  
11 CONSIDERATION THE REASONABLE COST OF REPAIRS NECESSARY TO MEET  
12 MINIMUM STATE SAFETY AND EMISSION STANDARDS AND OTHER CUSTOMARY AND  
13 REASONABLE CONDITION STANDARDS CONTAINED IN THE NADA USED CAR GUIDE.

14    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2003.