

Department of Legislative Services  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 735

(Senator Stone)

Finance

---

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

---

This bill provides that the regulations adopted by the Maryland Insurance Commissioner regarding the total loss value of a private passenger motor vehicle must require each insurer to file the condition inspection guidelines that it uses in settling claims involving a determination of the total loss value of a private passenger motor vehicle. The regulations must require an insurer, upon request, to disclose to a claimant: (1) the condition inspection guidelines it uses to determine total loss value; and (2) the valuation of the vehicle in relation to the condition inspection guidelines.

---

**Fiscal Summary**

**State Effect:** The adoption of regulations and acceptance of filings under the bill could be handled with the existing budgeted resources of the Maryland Insurance Administration (MIA).

**Maryland Automobile Insurance Fund (MAIF):** MAIF's annual costs to comply with the bill's requirements could be approximately \$4,400 annually.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Analysis**

**Current Law:** Under Chapter 439 of 2003, the Commissioner must adopt regulations that establish standards and procedures for: (1) the settlement of claims involving the

total loss of a private passenger motor vehicle; and (2) the determination of that vehicle's total loss value.

**Background:** MIA is currently in the process of adopting the regulations required under Chapter 439. MIA anticipates publishing the regulations in the April 2, 2004 issue of the *Maryland Register*. The proposed regulations would require a settlement offer for the total loss value of a private passenger motor vehicle to inform the claimant that, on request, the insurer will provide the claimant: (1) a copy of the settlement offer; (2) the method used to determine the vehicle's value and the name of the books, manuals, or databases used; (3) a detailed explanation of the insurer's calculation for the total loss value; (4) a list of all deductions that will be made from the vehicle's value; and (5) a copy of the inspection guidelines used by the insurer to determine the vehicle's condition at the time of the loss. The regulations would not require an insurer to file its inspection guidelines with MIA.

**MAIF:** MAIF estimates that its cost for sending a copy of its total loss determination guidelines to a claimant would be approximately \$1.10, including postage. MAIF handled approximately 4,000 total loss claims during 2003. Based on this information, the total annual cost to MAIF to comply with the bill's requirements could be approximately \$4,400.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 12, 2004  
lc/ljm

---

Analysis by: Ryan Wilson

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510