

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 298
Finance

(Senator Stone)

Motor Vehicle Liability Insurance - Total Loss Valuation - Disclosure and Calculation

This bill requires an insurer, on request by a claimant who has filed a claim regarding the total loss value of a private passenger motor vehicle, to disclose the condition inspection guidelines it used to determine the condition of the vehicle at the time of the loss. If an insurer uses a computerized database that produces statistically valid fair market values or advertisements for a substantially similar vehicle, the insurer must: (1) reflect the customary and reasonable cost of a vehicle that passes State motor vehicle safety inspection in determining the total loss value; and (2) include in a settlement offer an explanation of the insurer's calculation of any value added to the vehicle's total loss value by compliance with the State motor vehicle safety inspection law.

Fiscal Summary

State Effect: None. The bill generally codifies existing procedure under regulations adopted by the Maryland Insurance Administration (MIA).

Maryland Automobile Insurance Fund (MAIF): Because MAIF complies with the current MIA regulations, it would not be affected by the bill's requirements.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: 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.

By regulation, an insurer's settlement offer for the total loss value of a private passenger motor vehicle must 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, including the name of the books, manuals, or databases used; (3) a detailed explanation of the insurer's calculation for the total loss value, including value added by options; (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 settlement offer must also inform the claimant of the claimant's right to reject the offer and make a counter offer.

Additional Information

Prior Introductions: A similar bill, SB 735, was introduced in the 2004 session and received an unfavorable report from the Senate Finance Committee.

Cross File: None.

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

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