

HOUSE BILL 1164

C4, R2

9lr2725

By: **Delegates B. Barnes, Pena–Melnik, and Lehman**

Introduced and read first time: February 8, 2019

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Motor Vehicles – Salvage**

3 FOR the purpose of altering the determination of when a vehicle is a salvage; altering the
4 required contents of a certain statement an insurance company must provide when
5 submitting a certain application for a salvage certificate; requiring the Motor Vehicle
6 Administration to establish a certain vehicle value threshold using certain criteria
7 for determining when a vehicle is a salvage for certain purposes; altering the criteria
8 for when the Administration must issue a certain certificate of title for a certain
9 vehicle; making conforming changes; and generally relating to vehicle value and
10 salvage.

11 BY repealing and reenacting, with amendments,
12 Article – Transportation
13 Section 11–152, 13–506(c), and 13–507(c)
14 Annotated Code of Maryland
15 (2012 Replacement Volume and 2018 Supplement)

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

18 **Article – Transportation**

19 11–152.

20 (a) “Salvage” means any vehicle that:

21 (1) Has been damaged by collision, fire, flood, accident, trespass, or other
22 occurrence to the extent that [the cost to repair the vehicle for legal operation on a highway
23 exceeds 75% of the fair market value of] the **VALUE OF THE VEHICLE IS BELOW THE**
24 vehicle [prior to sustaining the damage] **VALUE THRESHOLD**, as determined under §

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 [13-506(c)(4)] **13-506(C)** of this article;

2 (2) Has been acquired by an insurance company as a result of a claim
3 settlement; or

4 (3) Has been acquired by an automotive dismantler and recycler:

5 (i) As an abandoned vehicle, as defined under § 25-201 of this
6 article; or

7 (ii) For rebuilding or for use as parts only.

8 (b) For purposes of this section, a vehicle has not been acquired by an insurance
9 company if an owner retains possession of the vehicle upon settlement of a claim concerning
10 the vehicle by the insurance company.

11 13-506.

12 (c) (1) For each vehicle that is acquired as a result of a claim settlement
13 arising from an accident that occurred in the State, an insurance company or its authorized
14 agent shall apply:

15 (i) For a salvage certificate on a form provided by the
16 Administration for a vehicle titled in the State; or

17 (ii) Electronically for a salvage certificate for a vehicle titled in a
18 foreign jurisdiction.

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

21 (i) The certificate of title of the vehicle or, if the certificate of title is
22 defective, lost, or destroyed, an affidavit of ownership on a form and in a manner prescribed
23 by the Administration and a copy of the settlement check or other evidence of final
24 payment;

25 (ii) A statement by the insurance company that:

26 1. The [cost to repair the vehicle for highway operation is
27 greater than 75% of the fair market value of the vehicle prior to sustaining the damage for
28 which the claim was paid] **VALUE OF THE VEHICLE IS GREATER THAN THE VEHICLE
29 VALUE THRESHOLD ESTABLISHED UNDER THIS SUBSECTION** and the vehicle is
30 repairable;

31 2. The vehicle is not rebuildable, will be used for parts only,
32 and is not to be retitled;

1 3. The vehicle has been stolen;

2 4. The vehicle has sustained flood damage; or

3 5. The vehicle has been acquired by an insurance company
4 as a result of a claim settlement and the [cost to repair the vehicle is 75% or less of the fair
5 market value of the vehicle prior to sustaining the damage for which the claim was paid]
6 **VALUE OF THE VEHICLE IS LESS THAN THE VEHICLE VALUE THRESHOLD**
7 **ESTABLISHED UNDER THIS SUBSECTION;** and

8 (iii) A fee established by the Administration.

9 (3) Subject to the provisions of § 13–507(c)(2) of this subtitle, a salvage
10 certificate issued under this paragraph shall contain a conspicuous notation by the
11 Administration that describes which of the statements under paragraph (2)(ii) of this
12 subsection applies to the vehicle.

13 (4) To determine the [cost to repair a vehicle for highway operation]
14 **VEHICLE VALUE THRESHOLD** for purposes of § 11–152 of this article and paragraph (2)(ii)
15 of this subsection, a person may not use the cost of:

16 (i) Towing, storage, or vehicle rental; or

17 (ii) Repairing cosmetic damage.

18 (5) The calculation under the [75% cost of repair] **VEHICLE VALUE**
19 threshold under [paragraph (2) of] this subsection may not affect the right of an insurer or
20 a vehicle owner to make an economic or safety related decision to not repair the vehicle.

21 **(6) IN ORDER TO AFFORD OWNERS GREATER OPPORTUNITY TO**
22 **RETAIN VEHICLES FOR ECONOMIC REASONS, THE ADMINISTRATION SHALL**
23 **ESTABLISH A VEHICLE VALUE THRESHOLD FOR DETERMINING WHETHER A VEHICLE**
24 **IS A SALVAGE USING A FORMULA OR OTHER METHOD THAT PROVIDES AN INSURANCE**
25 **COMPANY FLEXIBILITY IN DETERMINING WHEN TO DECLARE A VEHICLE A SALVAGE.**

26 **[(6)] (7)** The Administration, in consultation with the Department of
27 State Police and other interested parties, shall adopt regulations to implement this
28 subsection.

29 13–507.

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

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

- 1 (i) Shall make the appropriate notation in its records; and
- 2 (ii) May not issue the salvage certificate until the vehicle is
3 recovered.
- 4 (3) When a vehicle that has been stolen is recovered, the Administration
5 shall:
- 6 (i) Issue a salvage certificate for the vehicle if the insurance
7 company submits a certification under § 13–506(c)(2)(ii)1, 2, 4, or 5 of this subtitle; or
- 8 (ii) Issue a certificate of title in the name of the insurance company
9 in lieu of a salvage certificate if the insurance company states that the vehicle has sustained
10 damage, except for flood damage, that [costs 75% or less than the fair market value of the
11 vehicle to repair] **CAUSES THE VALUE OF THE VEHICLE TO FALL BELOW THE VEHICLE
12 VALUE THRESHOLD ESTABLISHED UNDER § 13–506(C) OF THIS SUBTITLE.**
- 13 (4) The provisions of subsection (b) of this section apply to a certificate of
14 title issued under this subsection.
- 15 (5) A vehicle for which a certificate of title was issued under paragraph
16 (3)(ii) of this subsection is exempt from the vehicle excise tax as provided in § 13–810(a)(9)
17 of this title.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2019.