Chapter 728

(House Bill 1199)

AN ACT concerning

Motor Vehicles – Salvage – Standards and Requirements

FOR the purpose of creating a certain additional salvage application statement that an insurance company is required to provide under certain circumstances; prohibiting a person from using certain costs to determine the cost to repair a motor vehicle for highway operation under the motor vehicle salvage program; providing that a certain cost of repair calculation may not affect certain rights of certain persons; requiring the Motor Vehicle Administration to adopt certain regulations in consultation with certain persons; exempting certain vehicles with certain damage from the requirement to obtain a Maryland Safety Inspection under certain circumstances; establishing an additional brand that the Administration is required to place on a motor vehicle certificate of title under certain circumstances; ~~providing that certain persons that acquire certain nonrepairable motor vehicles may only sell the motor vehicles to certain other persons; limiting the pool of motor vehicles in need of repair for which an insurance company is required to provide certain notice to the Motor Vehicle Administration under certain circumstances;~~ altering a certain definition; and generally relating to standards and requirements under the motor vehicle salvage program.

BY repealing and reenacting, with amendments,
Article – Transportation
Section 11–152, 13–506 ~~and 13–506.1~~, 13–506.1, and 13–507
Annotated Code of Maryland
(2009 Replacement Volume and 2009 Supplement)

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

Article – Transportation

11–152.

(a) "Salvage" means any vehicle that:

(1) Has been damaged by collision, fire, flood, accident, trespass, or other occurrence to the extent that the cost to repair the vehicle for legal operation on a highway exceeds 75% of the fair market value of the vehicle prior to sustaining the damage**, AS DETERMINED UNDER § 13–506(C)(4) OF THIS ARTICLE**;

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

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

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

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

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

13–506.

(a) (1) A salvage certificate shall be issued in accordance with the provisions of this section.

(2) A salvage certificate issued under this section shall:

(i) Be issued in the name of the applicant; and

(ii) Serve as an ownership document.

(a–1) For purposes of this section, a vehicle has not been acquired by an insurance company if an owner retains possession of the vehicle upon settlement of a claim concerning the vehicle by the insurance company in accordance with § 13–506.1 of this subtitle.

(b) The Administration shall issue a salvage certificate:

(1) To an insurance company or its authorized agent that:

(i) Is licensed to insure automobiles in this State;

(ii) Acquires a vehicle as the result of a claim settlement; and

(iii) Within 10 days after the date of settlement, applies for a salvage certificate as provided in subsection (c) of this section;

(2) To an automotive dismantler and recycler that:

(i) Acquires a salvage vehicle from a source other than an insurance company licensed to insure automobiles in this State;

(ii) Acquires a salvage vehicle by a means other than a transfer of a salvage certificate; and

(iii) Applies for a salvage certificate as provided in subsection (d) of this section; or

(3) To any other person who:

(i) Acquires or retains ownership of a vehicle that is salvage, as defined in § 11–152 of this article;

(ii) Applies for a salvage certificate on a form provided by the Administration; and

(iii) Pays a fee established by the Administration.

(c) (1) ~~Except as provided in § 13–507(b)(5) of this subtitle, for~~ ***FOR*** each vehicle that is acquired as a result of a claim settlement arising from an accident that occurred in the State, an insurance company or its authorized agent shall apply:

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

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

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

(i) The certificate of title of the vehicle;

(ii) A statement by the insurance company that:

1. The cost to repair the vehicle for highway operation is greater than 75% of the fair market value of the vehicle prior to sustaining the damage for which the claim was paid and the vehicle is repairable;

~~2. The cost to repair the vehicle for highway operation is greater than 75% of the fair market value of the vehicle prior to sustaining the damage for which the claim was paid and the damage to the vehicle is cosmetic only;~~

~~3.~~ ***2.*** The vehicle is not rebuildable, will be used for parts only, and is not to be retitled;

~~4.~~ ***3.*** The vehicle has been stolen; ~~or~~

~~5.~~ ***4.*** The vehicle has sustained flood damage; ~~and~~ **OR**

~~6.~~ ***5.*** **THE VEHICLE HAS BEEN ACQUIRED BY AN INSURANCE COMPANY AS A RESULT OF A CLAIM SETTLEMENT AND THE COST TO REPAIR THE VEHICLE IS 75% OR LESS OF THE FAIR MARKET VALUE OF THE VEHICLE PRIOR TO SUSTAINING THE DAMAGE FOR WHICH THE CLAIM WAS PAID; AND**

(iii) A fee established by the Administration.

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

(4) TO DETERMINE THE COST TO REPAIR A VEHICLE FOR HIGHWAY OPERATION FOR PURPOSES OF § 11–152 OF THIS ARTICLE AND PARAGRAPH (2)(II) OF THIS SUBSECTION, A PERSON MAY NOT USE THE COST OF:

(I) ~~THE COST OF TOWING~~ TOWING, STORAGE, OR VEHICLE RENTAL; OR

~~(II) THE COSTS ASSOCIATED WITH DAMAGE TO AUDIOVISUAL, TELEPHONE, OR MAPPING EQUIPMENT, SAFETY RESTRAINTS, OR UPHOLSTERY.~~

~~(5) AN INSURANCE COMPANY OR ITS AUTHORIZED AGENT THAT ACQUIRES A VEHICLE FOR WHICH THE SALVAGE APPLICATION CONTAINS THE STATEMENT UNDER PARAGRAPH (2)(II)3 OF THIS SUBSECTION THAT THE VEHICLE IS NOT REPAIRABLE MAY ONLY SELL THE VEHICLE TO A LICENSED AUTOMOTIVE DISMANTLER AND RECYCLER.~~

(II) REPAIRING ~~NONSTRUCTURAL~~ *COSMETIC* DAMAGE.

(5) THE CALCULATION UNDER THE 75% COST OF REPAIR THRESHOLD UNDER PARAGRAPH (2) OF THIS SUBSECTION MAY NOT AFFECT THE RIGHT OF AN INSURER OR A VEHICLE OWNER TO MAKE AN ECONOMIC OR SAFETY RELATED DECISION TO NOT REPAIR THE VEHICLE.

(6) THE ADMINISTRATION, IN CONSULTATION WITH THE DEPARTMENT OF STATE POLICE AND OTHER INTERESTED PARTIES, SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SUBSECTION.

(d) (1) An automotive dismantler and recycler may apply for a salvage certificate on a form provided by the Administration.

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

(i) The document through which ownership of the vehicle was acquired; and

(ii) A fee established by the Administration.

(e) The Administration shall maintain records to indicate that a vehicle:

(1) Was transferred as salvage; and

(2) May not be titled or registered for operation in this State except in accordance with § 13–506.1 and § 13–507 of this subtitle.

(f) The Administration shall establish a fee for:

(1) A duplicate salvage certificate; and

(2) A corrected salvage certificate.

13–506.1.

(a) An insurance company shall promptly notify the Administration if:

(1) The company makes a claim settlement on a vehicle that is ~~[~~salvage~~]~~**:**

~~**(I) SALVAGE;**~~

~~**(II) YOUNGER THAN 7 MODEL YEARS OLD; AND**~~

~~**(III) HAS AN ODOMETER READING OF LESS THAN 60,000 MILES**~~; and

(2) The owner retains possession of the vehicle.

(b) The notice under subsection (a) of this section shall:

(1) Be accompanied by the title to the vehicle and a fee established by the Administration under § 13–117 of this title for a corrected title;

(2) Include the name of the vehicle's owner and a description of the vehicle; and

(3) Include a statement by the insurance company that the salvage certificate bears a notation under § 13–506(c)(2)(ii)1, ~~2,~~ ~~3, 4, or 5~~ ***2, 3, OR 4*** of this subtitle.

(c) On receipt of the notice under subsection (a) of this section, the Administration shall:

(1) Record that the vehicle has been declared salvage; and

(2) (i) In the case of a repairable vehicle described in § 13–506(c)(2)(ii)1~~, 2,~~ or ~~5~~ ***4*** of this subtitle, send a notice to the owner of the vehicle that the vehicle registration will be suspended unless the owner submits proof satisfactory to the Administration that the vehicle has been inspected for safety, in compliance with Title 23 of this article, within 90 days of the date of the notice; or

(ii) In the case of a vehicle described in § ~~13–506(c)(2)(ii)3~~ ***13–506(C)(2)(II)2*** of this subtitle:

1. Issue a salvage certificate to the owner of the vehicle; and

2. Send a notice to the owner of the vehicle that the vehicle registration has been suspended and directing that the vehicle's registration plates be returned immediately to the Administration.

(d) In accordance with § 13–507 of this subtitle, after a vehicle described in § 13–506(c)(2)(ii)1~~, 2,~~ or ~~5~~ ***4*** of this subtitle has been inspected for safety in accordance with Title 23 of this article, the Administration shall issue to the owner a new certificate of title for the vehicle.

13–507.

(a) (1) An application for a certificate of title of a vehicle for which a salvage certificate has been issued shall be made by the owner of the vehicle on a form that the Administration requires.

(2) An application under paragraph (1) of this subsection shall be accompanied by:

(i) Except as provided in subsection (c)(3) of this section, the salvage certificate for the vehicle;

(ii) ~~[~~A~~]~~ ~~EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, A~~ certificate of inspection issued by a county police department or the Department of State Police; and

(iii) A certificate of inspection as required under Title 23 of this article.

(3) (i) The Administration may establish a fee for an inspection under paragraph (2)(ii) of this subsection.

(ii) 1. The fees established under this paragraph shall be collected by the Administration or the Automotive Safety Enforcement Division of the Department of State Police.

2. The fees collected under this subparagraph shall be paid to the Automotive Safety Enforcement Division of the Department of State Police for the purpose of recovering the cost of administering the salvage inspection program and may not be credited to the Gasoline and Motor Vehicle Revenue Account for distribution under § 8–403 or § 8–404 of this article.

~~(4) A CERTIFICATE OF INSPECTION IS NOT REQUIRED IF THE SALVAGE CERTIFICATE BEARS A NOTATION UNDER § 13–506(C)(2)(II)2 OF THIS SUBTITLE AND THE ORIGINAL OWNER OF THE VEHICLE RETAINS POSSESSION OF THE VEHICLE AFTER THE CLAIM SETTLEMENT.~~

(b) (1) The certificate of title issued by the Administration shall be:

(i) Issued in the name of the applicant; and

(ii) In a form as provided in this subsection.

(2) (i) The Administration shall issue a certificate of title that contains a conspicuous notation that the vehicle is "rebuilt salvage" if the salvage certificate accompanying the application bears a notation under § 13–506(c)(2)(ii)1 of this subtitle.

(ii) The Administration may not issue a certificate of title for a vehicle if the salvage certificate for the vehicle bears a notation under § ~~13–506(c)(2)(ii)3~~ ***13–506(C)(2)(II)2*** of this subtitle.

(3) ~~[~~The Administration shall issue a certificate of title that contains a conspicuous notation that the vehicle sustained cosmetic damage if the salvage certificate accompanying the application bears a notation under § 13–506(c)(2)(ii)2 of this subtitle.

(4)**]** The Administration shall issue a certificate of title that contains a conspicuous notation that the vehicle is "Flood Damaged" if the salvage certificate accompanying the application bears a notation under § ~~13–506(e)(2)(ii)5~~ ***13–506(C)(2)(II)4*** of this subtitle.

[(5) Except for a flood damaged vehicle, the Administration shall issue a certificate of title that does not bear a notation or other similar statement under this section if an insurance company makes a claim settlement on a vehicle that has sustained damage that costs 75% or less than the fair market value of the vehicle to repair.**]**

(4) THE ADMINISTRATION SHALL ISSUE A CERTIFICATE OF TITLE THAT CONTAINS A CONSPICUOUS NOTATION THAT THE VEHICLE IS "X–SALVAGE" IF THE SALVAGE CERTIFICATE ACCOMPANYING THE APPLICATION BEARS A NOTATION UNDER § ~~13–506(C)(2)(II)6~~ *13–506(C)(2)(II)5* OF THIS SUBTITLE OR IS ISSUED UNDER § 13–506(D) OF THIS SUBTITLE.

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

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

(i) Shall make the appropriate notation in its records; and

(ii) May not issue the salvage certificate until the vehicle is recovered.

(3) When a vehicle that has been stolen is recovered, the Administration shall:

(i) Issue a salvage certificate for the vehicle if the insurance company submits a certification under § 13–506(c)(2)(ii)1, 2, ~~3, **[**or**]** 5, OR 6~~ ***4, OR 5*** of this subtitle; or

(ii) Issue a certificate of title in the name of the insurance company in lieu of a salvage certificate if the insurance company states that the vehicle has sustained damage, except for flood damage, that costs 75% or less than the fair market value of the vehicle to repair.

(4) The provisions of subsection (b) of this section apply to a certificate of title issued under this subsection.

(5) A vehicle for which a certificate of title was issued under paragraph (3)(ii) of this subsection is exempt from the vehicle excise tax as provided in § 13–810(a)(9) of this title.

(d) If the Administration receives an application for a certificate of title for a vehicle accompanied by an ownership document issued by another state containing a notation under the laws of the issuing state that the vehicle is in a condition that is substantially similar to a vehicle that is rebuilt salvage under Maryland law, the certificate of title issued by the Administration shall contain a similar notation.

(e) The Administration may adopt regulations to implement this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010.

Approved by the Governor, May 20, 2010.