

SENATE BILL 568

R4

(8lr2022)

ENROLLED BILL

—Judicial Proceedings / Environmental Matters—

Introduced by **Senators Stone and Della**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Motor Vehicles – Certificates of Title – ~~Rebuilt Salvage~~ *and Salvage***
3 **Certificates**

4 FOR the purpose of ~~requiring that a certificate of title to a vehicle contain a~~
5 ~~conspicuous notation that the vehicle is “rebuilt salvage” whenever an~~
6 ~~insurance company’s application for a salvage certificate for the vehicle contains~~
7 ~~a statement that the cost to repair the vehicle for highway operation was equal~~
8 ~~to or less than the fair market value of the vehicle prior to the vehicle~~
9 ~~sustaining damage~~ *altering the statements that describe the condition of a*
10 *salvaged vehicle that certain entities are required to include with an application*
11 *for a salvage certificate; expanding the categories of vehicle title brands that the*
12 *Motor Vehicle Administration may apply to a salvage vehicle to include brands*
13 *for flood and cosmetic damage; altering certain vehicle title brands; prohibiting*
14 *the Administration from issuing a certificate of title for a vehicle if the salvage*
15 *certificate for the vehicle bears a certain brand; requiring the Administration to*

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 issue an unbranded vehicle title if an insurance company makes a claim
 2 settlement on a vehicle that has sustained less than a certain amount of damage;
 3 expanding the application of certain procedures and requirements related to
 4 salvage certificates and certificates of title to vehicles older than a certain
 5 number of model years; altering the standard for determining whether the
 6 Administration is required to issue a salvage certificate or a certificate of title to
 7 an insurance company that has settled a claim on a recovered stolen vehicle;
 8 expanding the information on a certificate of title that, if altered, requires the
 9 owner to obtain a corrected certificate of title; altering certain fee provisions
 10 related to corrected certificates of title; authorizing the Administration to issue a
 11 salvage certificate to an authorized agent of an insurance company; requiring an
 12 insurance company or its agent to apply electronically for a salvage certificate for
 13 an out-of-State vehicle; clarifying the procedures for issuing a salvage certificate
 14 or a certificate of title to a vehicle owner who retains a salvaged vehicle after
 15 settling an insurance claim; authorizing the Administration to establish a fee for
 16 corrected salvage certificates; repealing a certain obsolete provision of law;
 17 authorizing the Administration to adopt certain regulations; altering a certain
 18 definition; and generally relating to ~~salvaged vehicles~~ certificates of title and
 19 salvage certificates.

20 ~~BY repealing and reenacting, without amendments,~~
 21 ~~Article – Transportation~~
 22 ~~Section 13–506(e)~~
 23 ~~Annotated Code of Maryland~~
 24 ~~(2006 Replacement Volume and 2007 Supplement)~~

25 BY repealing and reenacting, with amendments,
 26 Article – Transportation
 27 Section 11–152, 13–117, 13–506, and 13–507
 28 Annotated Code of Maryland
 29 (2006 Replacement Volume and 2007 Supplement)

30 BY adding to
 31 Article – Transportation
 32 Section 13–506.1
 33 Annotated Code of Maryland
 34 (2006 Replacement Volume and 2007 Supplement)

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

37 Article – Transportation

38 11–152.

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

1 (1) Has been damaged by collision, fire, flood, accident, trespass, or
2 other occurrence to the extent that the cost to repair the vehicle for legal operation on a
3 highway exceeds 75% OF the fair market value of the vehicle prior to sustaining the
4 damage;

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

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

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

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

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

14 13-117.

15 (a) If the [type of body of any] vehicle INFORMATION is changed from that set
16 forth in its certificate of title, the owner of the vehicle immediately shall notify the
17 Administration of the change on the form that the Administration requires.

18 (b) If the [type of body of any] vehicle INFORMATION is changed from that set
19 forth in the certificate of title for the vehicle, the owner of the vehicle immediately shall
20 apply for a corrected certificate of title on the form that the Administration requires
21 AND PAY ANY REQUIRED FEE.

22 (c) On receipt of the application, the Administration [shall] MAY issue a
23 corrected certificate of title [without charge].

24 (D) THE ADMINISTRATION MAY ADOPT REGULATIONS NECESSARY TO
25 GOVERN THE ISSUANCE OF CORRECTED CERTIFICATES OF TITLE.

26 13-506.

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

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

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

31 (ii) Serve as an ownership document.

1 (a-1) For purposes of this section, a vehicle has not been acquired by an
 2 insurance company if an owner retains possession of the vehicle upon settlement of a
 3 claim concerning the vehicle by the insurance company **IN ACCORDANCE WITH**
 4 **§ 13-506.1 OF THIS SUBTITLE.**

5 (b) The Administration shall issue a salvage certificate:

6 (1) To an insurance company **OR ITS AUTHORIZED AGENT** that:

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

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

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

11 (2) To an automotive dismantler and recycler that:

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

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

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

18 (3) To any other person who:

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

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

23 (iii) Pays a fee established by the Administration.

24 (c) (1) ~~An insurance company shall apply for~~ **EXCEPT AS PROVIDED IN §**
 25 **13-507(B)(5) OF THIS SUBTITLE, FOR EACH VEHICLE THAT IS ACQUIRED AS A**
 26 **RESULT OF A CLAIM SETTLEMENT ARISING FROM AN ACCIDENT THAT OCCURRED**
 27 **IN THE STATE, AN INSURANCE COMPANY OR ITS AUTHORIZED AGENT SHALL**
 28 **APPLY:**

29 **(I) FOR** a salvage certificate on a form provided by the
 30 Administration for each A vehicle titled in the State that is **STATE; OR**

1 (II) ELECTRONICALLY FOR A SALVAGE CERTIFICATE FOR A
 2 VEHICLE TITLED IN A FOREIGN JURISDICTION ~~acquired as a result of a claim~~
 3 ~~settlement arising from an accident that occurred in the State.~~

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

6 (i) The certificate of title of the vehicle;

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

8 1. The cost to repair the vehicle for highway operation is
 9 greater than **75% OF** the fair market value of the vehicle prior to sustaining the
 10 damage for which the claim was paid **AND THE VEHICLE IS REPAIRABLE;**

11 2. The cost to repair the vehicle for highway operation is
 12 ~~equal to or less than~~ **GREATER THAN 75% OF** the fair market value of the vehicle
 13 prior to sustaining the damage for which the claim was paid **AND THE DAMAGE TO**
 14 **THE VEHICLE IS COSMETIC ONLY;**

15 3. The vehicle is not rebuildable, will be used for parts
 16 only, and is not to be retitled; ~~or~~

17 4. The vehicle has been stolen; **OR**

18 **5. THE VEHICLE HAS SUSTAINED FLOOD DAMAGE;**
 19 and

20 (iii) A fee established by the Administration.

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

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

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

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

31 (ii) A fee established by the Administration.

1 (e) [(1) An insurance company shall promptly notify the Administration
2 when the company makes a claim settlement on a vehicle that is salvage if:

3 (i) The vehicle is 7 model years old or newer; and

4 (ii) The owner retains possession of the vehicle.

5 (2) The notice under paragraph (1) of this subsection shall be
6 accompanied by the title to the vehicle and a fee established by the Administration and
7 shall include:

8 (i) The name of the vehicle's owner and a description of the
9 vehicle; and

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

11 1. The cost to repair the vehicle for highway operation is
12 greater than the fair market value of the vehicle prior to sustaining the damage for
13 which the claim was paid; or

14 2. The vehicle is not rebuildable, will be used for parts
15 only, and is not to be retitled.

16 (3) On receipt of the notice under paragraph (1) of this subsection, the
17 Administration shall:

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

19 (ii) 1. In the case of a vehicle described in paragraph (2)(i)1
20 of this subsection, send a notice to the owner of the vehicle that the vehicle registration
21 will be suspended unless the owner submits proof satisfactory to the Administration
22 that the vehicle has been inspected for safety, in compliance with Title 23 of this article,
23 within 90 days of the date of the notice; or

24 2. In the case of a vehicle described in paragraph (2)(i)2
25 of this subsection:

26 A. Issue a salvage certificate to the owner of the vehicle;
27 and

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

31 (4) In accordance with § 13-507 of this subtitle, after a vehicle
32 described in paragraph (2)(i)1 of this subsection has been inspected for safety in

1 accordance with Title 23 of this article, the Administration shall send a new title for the
 2 vehicle to the owner.

3 (f)] The Administration shall maintain records to indicate that a vehicle:

4 (1) Was transferred as salvage; and

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

7 [(g)] (F) The Administration shall establish a fee [for a] FOR:

8 (1) A duplicate salvage certificate; AND

9 (2) A CORRECTED SALVAGE CERTIFICATE.

10 13-506.1.

11 (A) AN INSURANCE COMPANY SHALL PROMPTLY NOTIFY THE
 12 ADMINISTRATION IF:

13 (1) THE COMPANY MAKES A CLAIM SETTLEMENT ON A VEHICLE
 14 THAT IS SALVAGE; AND

15 (2) THE OWNER RETAINS POSSESSION OF THE VEHICLE.

16 (B) THE NOTICE UNDER SUBSECTION (A) OF THIS SECTION SHALL:

17 (1) BE ACCOMPANIED BY THE TITLE TO THE VEHICLE AND A FEE
 18 ESTABLISHED BY THE ADMINISTRATION UNDER § 13-117 OF THIS TITLE FOR A
 19 CORRECTED TITLE;

20 (2) INCLUDE THE NAME OF THE VEHICLE'S OWNER AND A
 21 DESCRIPTION OF THE VEHICLE; AND

22 (3) INCLUDE A STATEMENT BY THE INSURANCE COMPANY THAT
 23 THE SALVAGE CERTIFICATE BEARS A NOTATION UNDER § 13-506(C)(2)(II) 1, 2, 3,
 24 4, OR 5 OF THIS SUBTITLE.

25 (C) ON RECEIPT OF THE NOTICE UNDER SUBSECTION (A) OF THIS
 26 SECTION, THE ADMINISTRATION SHALL:

27 (1) RECORD THAT THE VEHICLE HAS BEEN DECLARED SALVAGE;
 28 AND

1 **(2) (I) IN THE CASE OF A REPAIRABLE VEHICLE DESCRIBED IN**
 2 **§ 13-506(C)(2)(II)1, 2, OR 5 OF THIS SUBTITLE, SEND A NOTICE TO THE OWNER**
 3 **OF THE VEHICLE THAT THE VEHICLE REGISTRATION WILL BE SUSPENDED**
 4 **UNLESS THE OWNER SUBMITS PROOF SATISFACTORY TO THE ADMINISTRATION**
 5 **THAT THE VEHICLE HAS BEEN INSPECTED FOR SAFETY, IN COMPLIANCE WITH**
 6 **TITLE 23 OF THIS ARTICLE, WITHIN 90 DAYS OF THE DATE OF THE NOTICE; OR**

7 **(II) IN THE CASE OF A VEHICLE DESCRIBED IN**
 8 **§ 13-506(C)(2)(II)3 OF THIS SUBTITLE:**

9 **1. ISSUE A SALVAGE CERTIFICATE TO THE OWNER OF**
 10 **THE VEHICLE; AND**

11 **2. SEND A NOTICE TO THE OWNER OF THE VEHICLE**
 12 **THAT THE VEHICLE REGISTRATION HAS BEEN SUSPENDED AND DIRECTING THAT**
 13 **THE VEHICLE'S REGISTRATION PLATES BE RETURNED IMMEDIATELY TO THE**
 14 **ADMINISTRATION.**

15 **(D) IN ACCORDANCE WITH § 13-507 OF THIS SUBTITLE, AFTER A**
 16 **VEHICLE DESCRIBED IN § 13-506(C)(2)(II)1, 2, OR 5 OF THIS SUBTITLE HAS**
 17 **BEEN INSPECTED FOR SAFETY IN ACCORDANCE WITH TITLE 23 OF THIS ARTICLE,**
 18 **THE ADMINISTRATION SHALL ISSUE TO THE OWNER A NEW CERTIFICATE OF**
 19 **TITLE FOR THE VEHICLE.**

20 13-507.

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

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

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

28 (ii) A certificate of inspection issued by a county police
 29 department or the Department of State Police; and

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

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

1 (ii) The fees collected under this paragraph shall be paid to the
 2 Auto Theft Unit of the Department of State Police for the purpose of recovering the
 3 cost of administering the salvage inspection program and may not be credited to the
 4 Gasoline and Motor Vehicle Revenue Account for distribution under § 8-403 or §
 5 8-404 of this article.

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

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

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

9 (2) (I) The Administration shall issue a certificate of title that
 10 contains a conspicuous notation that the vehicle is "rebuilt salvage" if the salvage
 11 certificate accompanying the application:

12 (i) ~~Bears~~ **BEARS** a notation under § 13-506(c)(2)(ii)1 ~~OR 2~~ of
 13 this ~~sub~~title; ~~or~~

14 (ii) ~~[Does not bear a notation under § 13-506(c)(2)(ii)2 of this~~
 15 ~~sub~~title] **WAS ISSUED BEFORE OCTOBER 1, 1992, AND THE APPLICATION IS**
 16 **ACCOMPANIED BY A STATEMENT IN WRITING FROM THE INSURANCE COMPANY**
 17 **THAT THE COST TO REPAIR THE VEHICLE WAS EQUAL TO OR LESS THAN THE**
 18 **FAIR MARKET VALUE OF THE VEHICLE PRIOR TO THE VEHICLE SUSTAINING**
 19 **DAMAGE** SUBTITLE.

20 **(II) THE ADMINISTRATION MAY NOT ISSUE A CERTIFICATE**
 21 **OF TITLE FOR A VEHICLE IF THE SALVAGE CERTIFICATE FOR THE VEHICLE**
 22 **BEARS A NOTATION UNDER § 13-506(C)(2)(II)3 OF THIS SUBTITLE.**

23 (3) The Administration shall issue a certificate of title that ~~does not~~
 24 ~~contain a notation under paragraph (2) of this subsection~~ **CONTAINS A CONSPICUOUS**
 25 **NOTATION THAT THE VEHICLE SUSTAINED COSMETIC DAMAGE** if the salvage
 26 certificate accompanying the application[:

27 (i) Bears a notation under § 13-506(c)(2)(ii)2 of this subtitle;

28 (ii) Is issued before October 1, 1992 and the application is
 29 accompanied by a statement in writing from an insurance company that the cost to
 30 repair the vehicle was equal to or less than the fair market value of the vehicle prior to
 31 the vehicle sustaining damage; or

32 (iii) Is] ~~IS issued for a vehicle that is more than 7 model years~~
 33 ~~old~~ **BEARS A NOTATION UNDER § 13-506(C)(2)(II)2 OF THIS SUBTITLE.**

1 **(4) THE ADMINISTRATION SHALL ISSUE A CERTIFICATE OF TITLE**
2 **THAT CONTAINS A CONSPICUOUS NOTATION THAT THE VEHICLE IS “FLOOD**
3 **DAMAGED” IF THE SALVAGE CERTIFICATE ACCOMPANYING THE APPLICATION**
4 **BEARS A NOTATION UNDER § 13-506(C)(2)(II)5 OF THIS SUBTITLE.**

5 **(5) EXCEPT FOR A FLOOD DAMAGED VEHICLE, THE**
6 **ADMINISTRATION SHALL ISSUE A CERTIFICATE OF TITLE THAT DOES NOT BEAR**
7 **A NOTATION OR OTHER SIMILAR STATEMENT UNDER THIS SECTION IF AN**
8 **INSURANCE COMPANY MAKES A CLAIM SETTLEMENT ON A VEHICLE THAT HAS**
9 **SUSTAINED DAMAGE THAT COSTS 75% OR LESS THAN THE FAIR MARKET VALUE**
10 **OF THE VEHICLE TO REPAIR.**

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

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

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

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

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

21 (i) Issue a salvage certificate for the vehicle if the insurance
22 company submits a certification under § 13-506(c)(2)(ii)1, 2, ~~or 3~~ **3, OR 5** of this
23 subtitle; or

24 (ii) Issue a certificate of title **IN THE NAME OF THE**
25 **INSURANCE COMPANY** in lieu of a salvage certificate if the insurance company states
26 that the vehicle has ~~not~~ sustained damage ~~or has sustained only minor damage,~~
27 **EXCEPT FOR FLOOD DAMAGE, THAT COSTS 75% OR LESS THAN THE FAIR MARKET**
28 **VALUE OF THE VEHICLE TO REPAIR.**

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

31 (5) A vehicle for which a certificate of title was issued under
32 paragraph (3)(ii) of this subsection is exempt from the vehicle excise tax as provided in
33 § 13-810(a)(9) of this title.

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

6 **(E) THE ADMINISTRATION MAY ADOPT REGULATIONS TO IMPLEMENT**
7 **THIS SECTION.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2008.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.