

## CHAPTER 422

(Senate Bill 568)

AN ACT concerning

### **Motor Vehicles – Certificates of Title – ~~Rebuilt Salvage~~ and Salvage Certificates**

FOR the purpose of ~~requiring that a certificate of title to a vehicle contain a conspicuous notation that the vehicle is “rebuilt salvage” whenever an insurance company’s application for a salvage certificate for the vehicle contains a statement that the cost to repair the vehicle for highway operation was equal to or less than the fair market value of the vehicle prior to the vehicle sustaining damage~~ altering the statements that describe the condition of a salvaged vehicle that certain entities are required to include with an application for a salvage certificate; expanding the categories of vehicle title brands that the Motor Vehicle Administration may apply to a salvage vehicle to include brands for flood and cosmetic damage; altering certain vehicle title brands; prohibiting the Administration from issuing a certificate of title for a vehicle if the salvage certificate for the vehicle bears a certain brand; requiring the Administration to issue an unbranded vehicle title if an insurance company makes a claim settlement on a vehicle that has sustained less than a certain amount of damage; expanding the application of certain procedures and requirements related to salvage certificates and certificates of title to vehicles older than a certain number of model years; altering the standard for determining whether the Administration is required to issue a salvage certificate or a certificate of title to an insurance company that has settled a claim on a recovered stolen vehicle; expanding the information on a certificate of title that, if altered, requires the owner to obtain a corrected certificate of title; altering certain fee provisions related to corrected certificates of title; authorizing the Administration to issue a salvage certificate to an authorized agent of an insurance company; requiring an insurance company or its agent to apply electronically for a salvage certificate for an out-of-State vehicle; clarifying the procedures for issuing a salvage certificate or a certificate of title to a vehicle owner who retains a salvaged vehicle after settling an insurance claim; authorizing the Administration to establish a fee for corrected salvage certificates; repealing a certain obsolete provision of law; authorizing the Administration to adopt certain regulations; altering a certain definition; and generally relating to ~~salvaged vehicles~~ certificates of title and salvage certificates.

~~BY repealing and reenacting, without amendments,  
Article – Transportation  
Section 13-506(e)  
Annotated Code of Maryland~~

~~(2006 Replacement Volume and 2007 Supplement)~~

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

BY adding to  
Article – Transportation  
Section 13–506.1  
Annotated Code of Maryland  
(2006 Replacement Volume and 2007 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;

(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.

13–117.

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

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

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

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

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) ~~An insurance company shall apply for~~ **EXCEPT AS PROVIDED IN § 13-507(B)(5) OF THIS SUBTITLE, 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 ~~each A~~ vehicle titled in the ~~State that is~~ **STATE; OR**

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

(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 ~~equal to or less than~~ **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. The vehicle is not rebuildable, will be used for parts only, and is not to be retitled; ~~or~~

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

**5. THE VEHICLE HAS SUSTAINED FLOOD DAMAGE;**

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.

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

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

(ii) The owner retains possession of the vehicle.

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

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

(ii) A statement by the insurance company that:

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

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

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

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

(ii) 1. In the case of a vehicle described in paragraph (2)(i)1 of this subsection, 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

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

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

B. 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.

(4) In accordance with § 13-507 of this subtitle, after a vehicle described in paragraph (2)(i)1 of this subsection has been inspected for safety in accordance with Title 23 of this article, the Administration shall send a new title for the vehicle to the owner.

[(f)] 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.

[(g)] (F) The Administration shall establish a fee [for a] 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; 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 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 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 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 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 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) The fees collected under this paragraph shall be paid to the Auto Theft Unit 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.

(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;

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

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

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

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

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

~~(iii) Is] ~~IS~~ issued for a vehicle that is more than 7 model years old~~ **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(C)(2)(II)5 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.**

(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, ~~or 3~~ **3, 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 ~~not~~ sustained damage ~~or has sustained only minor 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, 2008.

**Approved by the Governor, May 13, 2008.**