

SENATE BILL 487

C4
HB 1375/13 – ECM

4lr0972
CF 4lr1650

By: **Senators Astle, Brinkley, Colburn, Feldman, Klausmeier, Mathias, Pugh,
Ramirez, Raskin, and Stone**

Introduced and read first time: January 27, 2014

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance – Replacement Parts for Damaged Motor**
3 **Vehicles**

4 FOR the purpose of prohibiting a certain adjuster, appraiser, insurance producer, or
5 employee of an insurer from requiring a motor vehicle repair facility to use a
6 specific vendor or process for the procurement of parts or other materials
7 necessary for the repair of a motor vehicle; requiring an insurer that issues or
8 delivers in the State a policy of motor vehicle liability insurance that provides
9 coverage for the repair of physical damage to the insured motor vehicle to
10 authorize certain repairs to be made using certain genuine crash parts;
11 prohibiting the insurer from requiring certain repairs to be made using certain
12 aftermarket crash parts; authorizing an insured to consent in a certain manner
13 to the use of certain aftermarket crash parts; providing for the application of
14 certain provisions of this Act; defining certain terms; and generally relating to
15 repairs of damage to motor vehicles insured under policies of motor vehicle
16 liability insurance.

17 BY repealing and reenacting, without amendments,
18 Article – Insurance
19 Section 10–501
20 Annotated Code of Maryland
21 (2011 Replacement Volume and 2013 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article – Insurance
24 Section 10–503
25 Annotated Code of Maryland
26 (2011 Replacement Volume and 2013 Supplement)

27 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Insurance
Section 27–908
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

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

Article – Insurance

10–501.

In this subtitle, “adjuster” or “appraiser” means a person that:

(1) is employed by an insurer as, solicits business as, or represents to
an insurer that the person is an adjuster or appraiser of claims for loss or damage
covered by a motor vehicle insurance policy; or

(2) under a contract, performs adjustments or appraisals for loss or
damage covered by another form of security provided for under § 17–103(a)(2) of the
Transportation Article.

10–503.

(a) An adjuster, appraiser, or insurance producer or employee of an insurer
may not:

(1) recommend the use of a specific repair service or source for the
repair or replacement of property damage to a motor vehicle without informing the
claimant or insured that the claimant or insured does not have to use the
recommended repair service or source;

(2) require that an appraisal or repair be made in a specific repair
shop;

(3) require that a claimant or insured use a specific contractor or
repair shop for a repair service or repair product; [or]

**(4) REQUIRE A REPAIR FACILITY TO USE A SPECIFIC VENDOR OR
PROCESS FOR THE PROCUREMENT OF PARTS OR OTHER MATERIALS NECESSARY
FOR THE REPAIR OF A MOTOR VEHICLE; OR**

[(4)] (5) intimidate, coerce, or threaten a claimant or insured to use a
specific contractor or repair shop for a repair service or repair product.

(b) An adjuster or appraiser may not accept a gratuity or other form of remuneration from a repair service for recommending that repair service to a claimant or insured.

27-908.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “AFTERMARKET CRASH PARTS” MEANS CRASH PARTS:

(I) THAT ARE MANUFACTURED BY A PERSON OTHER THAN THE ORIGINAL MANUFACTURER OF THE MOTOR VEHICLE TO BE REPAIRED; AND

(II) FOR WHICH THE ORIGINAL MANUFACTURER OF THE MOTOR VEHICLE HAS NOT AUTHORIZED THE USE OF ITS NAME OR TRADEMARK BY THE MANUFACTURER OF THE CRASH PARTS.

(3) “CRASH PARTS” MEANS EXTERIOR OR INTERIOR SHEET METAL OR FIBERGLASS PANELS AND PARTS THAT FORM THE SUPERSTRUCTURE OR BODY OF A MOTOR VEHICLE.

(4) “GENUINE CRASH PARTS” MEANS CRASH PARTS THAT ARE:

(I) MANUFACTURED BY OR FOR THE ORIGINAL MANUFACTURER OF THE MOTOR VEHICLE TO BE REPAIRED; AND

(II) AUTHORIZED TO CARRY THE NAME OR TRADEMARK OF THE ORIGINAL MANUFACTURER OF THE MOTOR VEHICLE.

(B) THIS SECTION APPLIES TO REPAIRS MADE TO AN INSURED MOTOR VEHICLE DURING THE 3-YEAR PERIOD AFTER ITS DATE OF MANUFACTURE.

(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN INSURER THAT ISSUES OR DELIVERS IN THE STATE A POLICY OF MOTOR VEHICLE LIABILITY INSURANCE THAT PROVIDES COVERAGE FOR THE REPAIR OF PHYSICAL DAMAGE TO THE INSURED MOTOR VEHICLE:

(I) SHALL AUTHORIZE REPAIRS TO BE MADE TO THE INSURED MOTOR VEHICLE USING GENUINE CRASH PARTS SUFFICIENT TO MAINTAIN THE MANUFACTURER’S WARRANTY FOR FIT, FINISH, STRUCTURAL INTEGRITY, CORROSION RESISTANCE, DENT RESISTANCE, AND CRASH PERFORMANCE; AND

1 **(II) MAY NOT REQUIRE REPAIRS TO BE MADE TO THE**
2 **INSURED MOTOR VEHICLE USING AFTERMARKET CRASH PARTS.**

3 **(2) AN INSURED MAY CONSENT IN WRITING AT THE TIME OF**
4 **REPAIR OF THE INSURED MOTOR VEHICLE TO THE USE OF AFTERMARKET**
5 **CRASH PARTS.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2014.