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Frequently Asked Questions About Storm-Damaged Vehicles

Does my auto insurance policy cover damage from a storm?

If you purchased comprehensive coverage, the answer generally is yes. Comprehensive coverage usually covers damage from events other than a collision, such as theft, vandalism, hail and flood. On the other hand, collision coverage generally is limited to damage to your vehicle resulting from a collision with another vehicle or object. In addition, liability coverage covers only damage to others and their property. Comprehensive coverage generally is subject to a deductible that is shown on your policy's declarations page. Ask your agent or insurance company for details about what your policy covers.

My insurance company has notified me that my vehicle is a "total loss." What exactly does that mean?

An insurance company is permitted to treat your vehicle as a total loss when the cost to repair the vehicle is greater than 75 percent of the fair market value of the vehicle immediately prior to the loss. Your insurer also can consider your vehicle a total loss even if the known damage is less than 75 percent of the pre-loss fair market value if additional costs, such as the cost of a rental vehicle or potential additional damage plus the repair cost, would exceed 75 percent. If your insurer has determined that your vehicle is a total loss as a result of a covered claim, your insurer has 10 business days to make you a cash settlement offer. The settlement offer will be the actual cash value of the vehicle immediately prior to the loss based on the current retail value of your vehicle minus the amount of your deductible. The settlement offer will also include applicable tax and registration fees. Vehicles that have damage exceeding 75 percent of the fair market value must be labeled as "salvage vehicles." If you decide to keep the "salvage vehicle," your settlement offer will be reduced by the vehicle's salvage value.

I want to keep my "salvage vehicle" but the insurance company says that I have to send them my title before they will send me the settlement check. Is that allowed?

Yes, insurers are required to notify the Motor Vehicle Administration (MVA) anytime a vehicle is declared "salvage" and the owner wants to retain the vehicle. The insurer will send the vehicle's title to the MVA. The MVA will then issue a salvage certificate for the vehicle and forward the salvage certificate to the owner of the vehicle.

My insurance company has notified me that my vehicle is a "total loss" but I disagree with the amount that the company wants to pay me for my vehicle. Is there anything I can do?

Insurance companies use a variety of methods to establish the value of your vehicle. You should ask the company to give you a written explanation of its offer. If you disagree, you can make a "counter offer" based on quotes you have received from dealers, ads that you have obtained or other sources showing the value of a substantially similar vehicle. The company has 5 days to respond to your counter offer.

A substantially similar automobile means one that:

1. is the same make and model of the damaged automobile;
2. is the same year, or more recent, than the damaged automobile;
3. contains at least the same major options as the damaged automobile;
4. is in a condition that is substantially similar to or better than the damaged automobile immediately before the accident; and
5. has mileage that is within 4,000 miles or 10 percent of the mileage on the damaged vehicle immediately before the accident (unless the vehicle is a limited production or specialty vehicle, or is more than 10 model years old).

My insurer says that because I have a loan on my car, it has to make the settlement check payable to both me and the bank. Can the company do that?

Yes, the bank has a secured interest in the car; therefore the insurance company is required to make the check payable to both of you.