

LARRY HOGAN
Governor

BOYD K RUTHERFORD
Lt. Governor



200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Phone: 410-468-2340 FAX: 410-468-2307
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

AL REDMER Jr
Commissioner

NANCY GRODIN
Deputy Commissioner

ROBERT BARON
Associate Commissioner
Property and Casualty

July 30, 2018

Mr. Aaron Schulenburg, Executive Director
SCRS
PO Box 909
Prosser, Washington 99350

Dear Mr. Schulenburg:

Thank you for your letter dated June 21, 2018. I am happy to respond to the seven (7) questions listed in your letter.

- 1) Yes.
- 2) Yes.
- 3) The third item in your list does not pose a question. Here is a link to Section 27-303 of the Insurance Article, Annotated Code of Maryland (part of Maryland's Unfair Claims Settlement Practices Act), which is the cornerstone of our statutory authority over an insurer's claim handling activities:

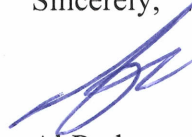
<http://mgaleg.maryland.gov/webmga/fmStatutesText.aspx?article=gin§ion=27-303&ext=html&session=2019RS&tab=subject5>

- 4) There are no specific statutory requirements with respect to insurance contract language as to manufacturer's recommended repair procedures.
- 5) Each insurer must satisfy its specific contractual obligations and all statutory / regulatory requirements. Automobile physical damage contract language (1st party) and liability contract language (3rd party) typically requires the insurer to pay for the actual cash value ("ACV") of repairs, or the ACV of the vehicle in total loss situations. This allows an insurer to utilize depreciation (betterment) and may therefore not result in payment of all costs.
- 6) No. See number 4 above.
- 7) As noted in number 1 above, the Maryland Insurance Administration ("Insurance Administration") is the state agency charged with enforcing Maryland insurance law and regulations. Consumers can file complaints regarding a 1st or 3rd party automobile damage claim with the Property & Casualty Complaints Unit. The Insurance Administration will issue a determination on every complaint as to whether or not the insurer's claim handling actions are in

compliance with our laws and regulations. However, we will not resolve a factual dispute over the value of a claim. By law, any aggrieved person is then entitled to request a hearing at the Insurance Administration during which they may present documentary and testimonial evidence.

I hope this information is responsive to your questions. Please note, however, that this letter is not intended to constitute a binding statement of the law, and your members should consult with their legal counsel for advice in specific situations. Please let me know if you require additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'AR', is written over the word 'Sincerely,'.

Al Redmer, Jr.
Insurance Commissioner