



## **EXPLANATION FOR THE NEED OF SUPPORT FOR TOTAL LOSS LEGISLATION REGULATIONS**

*From: Don Beaver  
WMABA Legislative Chair*

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We find ourselves at a crossroads in our industry, where the future financial viability of the Maryland Collision Repair Trade is in serious question.

As tough economic crisis is upon us, our industry is now faced with a legislative change that went into effect on October 1, 2008, which changed the "salvage" Total Loss thresholds down to 75% of the value of the vehicle (formerly 100%). The senate bill (SB568) which affected this change also included language that required the insurer to submit the title for branding; making it more difficult for a customer to keep their vehicle even after it was declared a Total Loss.

The bill has subsequently caused many insurers to reduce their internal total loss threshold numbers as far down as 60%, with exceptions made even lower for vehicles which have a high salvage value. The insurers are also including in the

cost of repair items such as towing, storage, sublet and mechanical – drastically affecting those vehicles which were repairable prior to this change.

Many customers find themselves in a situation where they owe more than the vehicle is worth - which is less than it was worth a year ago. Also, we have many customers with an older vehicle they are forced to give up. If they choose to have their vehicle repaired after it has been declared a total loss, they are receiving less for their vehicle than anticipated and then are faced with the full Maryland state inspection following repair.

Collision repair is a needed and valuable trade in our country and in our state of Maryland. When repairable vehicles are disappearing and financial margins disappear from our independent businesses the employees suffer through a loss of benefits and employment security. When a business or industry faces economic hardships, safety and equipment upgrades are some of the first items dismissed.

WMABA has hired a lobbying firm, Alexander & Cleaver, who will be advocating our issues to the Maryland Insurance Administration, the Motor Vehicle Administration, the Attorney General and any Senator, Delegate, or other agency that may assist in the affecting positive change in the regulations which will govern the interpretation of this bill.

Our goal is to have non-repair related items excluded from the calculation of the total loss, such as towing, rental car, storage, mechanical, airbags, glass, etc so that the calculation is based on the structural and body components. To reach this goal, WMABA will need

the financial assistance of the Maryland collision repairers to raise funds to carry this through the necessary processes.

Thus far, the insurers and salvage dealers have indicated that they will not oppose our efforts to get this language included in the regulations, because this has affected their businesses negatively as well.

There may also be a need for shop owners to contact their Senator or Delegate to give input on the total loss issue and its' affect on your business. When that need arises, WMABA will contact you with a strategy and/or form letter which you can easily submit.

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**It is of the opinion of both the Washington Metropolitan Auto Body Association and myself that a positive effect on the regulations of SB568 allows our industry the opportunity to amend our situation and move forward.**

**As collision repairers in Maryland and as leaders of our industry, we ask for your vocal and financial support of this effort.**

**Any repairer can inform their delegate or state representative of issues that are of significance to support.**

**Anyone can help make a difference.**

**Thank you in advance for doing your part and offering your support.**

--Don Beaver