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HOUSE BILL NO. 441

Offered January 8, 2014

Prefiled January 5, 2014

A *BILL to amend the Code of Virginia by adding sections numbered 38.2-2201.1 and 38.2-2216.1, relating to motor vehicle insurance policies; repaired or rebuilt salvage vehicles; premiums for policies insuring salvage vehicles.*

Patron—Fariss

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding sections numbered 38.2-2201.1 and 38.2-2216.1 as follows:

§ 38.2-2201.1. Required notice when policy insures a salvage vehicle.

No new policy of insurance providing collision or comprehensive coverage on any motor vehicle known to the insurer to be a salvage vehicle as defined in § 46.2-1600 shall be issued or delivered unless it contains the following statement printed in boldface type, or unless the statement is attached to the front of or is enclosed with the policy:

IMPORTANT NOTICE

THE MOTOR VEHICLE YOU ARE INSURING IS A SALVAGE VEHICLE. IN THE EVENT OF AN ACCIDENT IN WHICH THE MOTOR VEHICLE IS DECLARED A TOTAL LOSS, YOU WILL BE PAID LESS MONEY THAN YOU WOULD IF A SALVAGE CERTIFICATE HAD NOT BEEN ISSUED FOR THE VEHICLE, BECAUSE THE ACTUAL CASH VALUE OF A SALVAGED VEHICLE IS GENERALLY LESS THAN IT IS FOR MOTOR VEHICLES THAT HAVE NOT BEEN CERTIFICATED TO BE A SALVAGE VEHICLE.

§ 38.2-2216.1. Reduction in rates for salvage vehicles.

A. Any schedule of rates, rate classifications, or rating plans for a policy of motor vehicle insurance as defined in § 38.2-2212 providing comprehensive or collision coverage that is filed with the Commission shall provide for an appropriate reduction in premium charges for those motor vehicles for which a salvage certificate has been issued pursuant to Chapter 16 (§ 46.2-1600 et seq.) of Title 46.2. The reduction in premium shall reflect that the actual cash value of a motor vehicle of a specific make, model, age, mileage, and condition for which a salvage certificate has been issued is less than the actual cash value of a motor vehicle of the same make, model, age, mileage, and condition that is not a salvage vehicle.

B. The provisions of this section shall apply only to those policies of motor vehicle insurance for which the rates, rate classifications, or rating plans are based in whole or in part on the actual cash value of the insured motor vehicle.

C. The Commission and the Department of Motor Vehicles may promulgate rules and regulations to assist them in carrying out the provisions of this section.

INTRODUCED

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