

Date of Hearing: March 19, 2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 1901 (Chen) – As Introduced January 23, 2024

SUBJECT: Vehicles: total loss claim: salvage certificate or nonrepairable vehicle certificate

SUMMARY: Creates a process for a vehicle to be deemed abandoned and for a salvage pool to gain salvage certificate or nonrepairable vehicle certificate for a vehicle in its possession that is a total loss vehicle. Specifically, **this bill:**

- 1) Authorizes a salvage pool to gain a salvage certificate or nonrepairable vehicle certificate for a vehicle in its possession under the following circumstances:
 - a) The insurance company requests a salvage pool authorized by the insurance company or an occupational licensee of the Department of Motor Vehicles (DMV) to take possession of a vehicle that is subject to a total loss claim and the insurance company does not take ownership of the vehicle, releasing the vehicle to the registered owner and legal owner or lienholder of the vehicle; and,
 - b) The salvage pool or occupational licensee of DMV sends two notices by certified mail to the registered legal owner and any lienholder of the vehicle informing them that the vehicle is available to pick up. The two notices require the number of days the owner or lienholder has to pick up the vehicle and must be sent two weeks apart. The notice informs the legal owner and the lienholder that they have to pick up the vehicle or that it will be deemed abandoned.
- 2) Provides that if the registered owner does not pick up the vehicle within 30 days, DMV shall assign the vehicle's certificate of title to the salvage pool or occupational licensee of DMV. The salvage certificate or nonrepairable vehicle certificate issued to the salvage pool for the vehicle shall be free and clear of all liens.

EXISTING LAW:

- 1) Authorizes an insurance company, or a salvage pool authorized by an insurance company, to request a salvage certificate or nonrepairable vehicle certificate from the DMV without a properly endorsed certificate of ownership within 15 days after the insurance company makes a total loss settlement on a total loss salvage vehicle so long as the company attests to DMV that it made a single attempt to receive a certificate of ownership from the previous owner of the vehicle. (Vehicle Code Section (VEH) 11515)
- 2) Defines a "salvage pool" as a person engaged exclusively in the business of disposing of total loss salvage vehicles, nonrepairable vehicles, or recovered stolen vehicles sent to it by, or on behalf of, insurance companies, authorized adjusters, leasing companies, self-insured persons, or financial institutions.

- 3) Defines a "total loss salvage vehicle" as a "vehicle, other than a non-repairable vehicle, of a type subject to registration that has been wrecked, destroyed, or damaged, to such an extent that the owner, leasing company, financial institution, or the insurance company that insured the vehicle, considers it uneconomical to repair the vehicle and because of this, the vehicle is not repaired by or for the person who owned the vehicle at the time of the event resulting in damage." (VEH 544)

FISCAL EFFECT: Unknown

COMMENTS: DMV has created the Vehicle Industry Registration Procedures Manual (VIRPM) to provide dealers, registration services, financial institutions, and other vehicle industries with vehicle and vessel registration transaction requirements. Under these requirements, if the industry member in possession of a vehicle is unable to get the documents required to establish evidence of ownership, they must submit a statement of facts form to substantiate their ownership of the vehicle. If the vehicle is worth more than \$5,000, a surety bond must be obtained for the vehicle, and proof of an unopened certified letter as evidence that a diligent effort was made contact to the previous owners.

In August of 2016, the DMV issued a Vehicle Industry News bulletin notifying individuals that salvage pools could use an alternative process—lien sales—to gain the title of a vehicle. However, in August of 2023, DMV made the determination they did not have the authority to grant the ability to salvage pools to use lien sales as a method of gaining title of the vehicle.

According to the author, "Salvage pools, as defined in Vehicle Code 543, are businesses exclusively involved in vehicle disposal from an auto accident – referred to in the statute as total loss salvage or nonrepairable – or recovered after being stolen. They often need to take legal title to a vehicle to participate in the vehicle's resale or salvage operations. At this moment, salvage pools use diligent efforts and bond processes to obtain a vehicle's title. Unfortunately, this diligent efforts process is quite burdensome, takes from three to six months to complete, and requires bond payments regardless of the vehicle's value. AB 1901 restores the lien sale authority for salvage pools when authorized by an insurance company to take possession of a total loss claimed vehicle, a needed alternative for obtaining title to abandoned vehicles after an auto accident."

In replacement of the lien sale process previously available to salvage pool, this bill creates a new process that allows them to gain an abandoned vehicle or nonrepairable vehicle in their possession within 30 days if they have sent two notices to the current owner and they have not obtained their vehicle. AB 2330 (Bigelow), Chapter 125, Statutes of 2022 reduced salvage pools burden to gain title of vehicles where the insurance company claimed possession of the vehicle after a total loss claim by only requiring one outreach effort to the previous owner to relinquish title to the vehicle. This bill creates a similar, albeit more stringent process, for a salvage pool company to gain title to a vehicle where the insurance company has not claimed possession of the vehicle after the total loss claim. The process this bill establishes in that circumstance is similar to an older process salvage pools had to follow to gain the title of a vehicle where the insurance company had claimed possession of the vehicle, requiring at least two outreach efforts before DMV grants the salvage pool title of the vehicle.

According to Co-Part, the sponsor of this bill, “AB 1901 restores the authority for salvage pools to obtain title to a vehicle under specific circumstances when directed to take possession by an insurance company. AB 1901 protects the owners’ rights by requiring salvage pools to send two notices informing them to pick up their vehicle or their vehicle will be deemed abandoned. If the vehicle owner does not pick up the vehicle, then the salvage pool can apply for a new vehicle title from the DMV so long as the application includes an attestation that the notices were delivered.”

Previous Legislation:

AB 2330 (Bigelow), Chapter 125, Statutes of 2022 modified existing requirements for an insurance company, or a salvage pool authorized by an insurance company, to receive a salvage certificate or nonrepairable vehicle certificate.

AB 2273 (Fuentes), Chapter 97, Statutes of 2008 authorized an insurance agency to receive a nonrepairable vehicle certificate without proof of certificate of ownership so long as they attested to DMV under penalty of perjury that they made at least two written attempts to the original owner for the certificate of ownership.

AB 1122 (Wyland), Chapter 412, Statutes of 2006 authorized an insurance agency to receive a salvage certificate without proof of certificate of ownership so long as they attested to DMV under penalty of perjury that they made at least two written attempts to the original owner for the certificate of ownership.

REGISTERED SUPPORT / OPPOSITION:

Support

Co-Part (sponsor)

Opposition

None on file

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