

- SUBJECT:** Issuing titles for salvage or nonrepairable motor vehicles
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 11 ayes — Phillips, Darby, Bonnen, Y. Davis, Fletcher, Harper-Brown, Lavender, Martinez, McClendon, Pickett, Rodriguez
- 0 nays
- WITNESSES:** For — Steve Bresnen, Insurance Auto Auctions, Inc.; Bo Gilbert, USAA; Jeanette Rash, Texas Towing & Storage Association; (*Registered, but did not testify*: Fred Bosse, American Insurance Association; Frank Galitski, Farmers Insurance Group; Rose Goode, Texas Towing & Storage Association; Denise Ormand, Insurance Auto Auctions)
- Against — None
- On — Monica Blackwell, Texas Department of Motor Vehicles; (*Registered, but did not testify*: Jess Horton, Southwest Tow Operations)
- BACKGROUND:** In most cases, when an insurance company or salvage pool operator obtains a salvage or nonrepairable vehicle, the owner turns over a signed and properly assigned title. The insurance company or salvage pool operator then can request a salvage certificate of title or nonrepairable certificate of title from the Department of Motor Vehicles (DMV), and the vehicle can be sold, usually for parts.
- In other cases, where a title is either missing or not properly assigned, the Transportation Code stipulates that a person can obtain a salvage or nonrepairable certificate of title by submitting a petition for a court order.
- A person also may submit an application for a salvage or nonrepairable certificate of title to DMV and a law enforcement agency to dispose of the vehicle by demolition if the vehicle is abandoned, at least eight years old, inoperable, and missing major parts.
- Additionally, current law allows an insurance company that has obtained possession or ownership of a salvage or nonrepairable vehicle to receive a salvage or nonrepairable certificate of title from DMV if the company:

- obtained ownership more than 45 days previously;
- obtained the release of all liens on the vehicle;
- sent by registered or certified mail a notice to the last known address of the owner or, if the notice was returned unclaimed, published it in a local newspaper; and
- submits a statement that the owner cannot be found.

These processes can take up to 90 days.

DIGEST:

CSHB 1422 would allow an insurance company that obtained possession or ownership of a salvage or nonrepairable vehicle and did not have any title from the previous owner to receive a salvage certificate of title, a nonrepairable certificate of title, or a regular certificate of title if the company:

- paid for the vehicle more than 30 days previously; and
- submitted a proper application to DMV, including a statement that at least two written notices attempting to obtain a certificate of title were provided and proof of payment of claims involving the vehicle.

If an insurance company obtained possession or ownership of a salvage or nonrepairable vehicle and had an unassigned title, it could receive a salvage certificate of title, a nonrepairable certificate of title, or a regular certificate of title if the company:

- paid for the vehicle more than 30 days previously;
- provided a statement that at least two written notices attempting to obtain proper assignment were provided; and
- provided the certificate of title.

If the vehicle was from out of state, an insurance company could receive a salvage or nonrepairable certificate of title if the vehicle was damaged, stolen, or recovered in Texas, if the previous owner resided in Texas, or if otherwise allowed by DMV rules. The company would have to provide the properly assigned title on a form prescribed by DMV or comply with the DMV application process.

Any notices submitted by an insurance company could be submitted electronically, either through e-mail or through DMV's website.

If a salvage pool operator took possession of a vehicle from an insurance company and the insurance company subsequently denied coverage or ownership of the vehicle, the salvage pool operator would have to notify the vehicle owner by registered or certified mail within 30 days of receiving the insurer's denial that the vehicle must be picked up within 30 days.

If the vehicle was not removed within 30 days, the salvage pool operator could obtain a salvage or nonrepairable certificate of title from DMV. The salvage pool operator then would have to sell the vehicle, retaining proceeds equal only to the costs actually incurred and not reimbursed by a third party. These costs would not include charges for storage or impoundment.

Any excess proceeds would have to be sent to the previous owner or lienholder. If the previous owner or lienholder could not be determined or located, any excess proceeds would have to be given to the state for administration by the comptroller.

The bill would take effect September 1, 2011, and would apply only to offenses committed on or after that date.

**SUPPORTERS
SAY:**

In the rare occurrence when an insurance company or salvage pool operator obtains a salvage or nonrepairable vehicle and does not receive a signed and properly assigned title, current law makes getting the title far too cumbersome and time consuming. As a result, nonfunctioning vehicles pile up in salvage yards, causing salvage pool operators to incur unnecessary costs.

CSHB 1422 would streamline current law to allow insurance companies and salvage pool operators to obtain the required titles from the DMV in order to remove the nonfunctioning vehicles from their property.

The bill would require the provision of ample notice to owners in each case where an insurance company or salvage pool operator needs to remove a vehicle. Additionally, owners who can be identified are paid the proceeds from the sale of their vehicle, after costs are recovered.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute would require a salvage pool operator to notify an owner of a salvage or nonrepairable vehicle that the owner had 30 days to pick up the vehicle. It also added that a salvage pool operator would have to sell a salvaged or nonrepairable vehicle once obtaining the salvage or nonrepairable certificate of title.

The substitute stipulated what types of costs incurred by a operator could be recovered when the operator sold the vehicle and that the remaining funds be returned to the owner or lienholder, or if they could not be found, given to the state.

The substitute removed language that would have required DMV and an insurance company to provide a salvage pool operator with certain information, and if this information were not provided, the operator could have obtained a title under certain circumstances.

The companion bill, SB 1136 by Watson, has been referred to the Senate Committee on Transportation and Homeland Security.