

# Legislative Analysis

---



## **INSURANCE COMPANIES: SALVAGE AND SCRAP TITLES**

Mary Ann Cleary, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4926**

**Sponsor: Rep. Mike Callton, D.C.**

**Committee: Insurance**

**Complete to 2-11-14**

## **A SUMMARY OF HOUSE BILL 4926 AS INTRODUCED 8-2-13**

The bill would amend the Michigan Vehicle Code in the following ways.

\*\* The bill would allow an insurance company to apply to the Secretary of State for a salvage or scrap certificate of title for a vehicle in cases where the insurance company pays a claim for total loss to the owner of the vehicle but the owner (or lienholder) fails to surrender the title or other documents needed to transfer ownership of the vehicle within 30 days after the claim payment.

Specifically, the bill allows the insurer to apply for a salvage or scrap certificate of title for a late-model vehicle; or a certificate of title, salvage certificate of title, or scrap certificate of title for a vehicle other than a late-model vehicle.

The company would have to provide the SOS with proof of the claim payment and proof that it has requested on at least two separate occasions in writing, by certified mail or by another commercially available delivery service providing delivery, that the owner or lienholder surrender the title or other needed documents. The application to the department would have to be signed under penalty of perjury. The SOS would then issue to the insurer a salvage or scrap certificate of title free of all liens and would have to notify the prior vehicle owner (and lienholder, if any) of that action in writing.

\*\* The bill would specify that an insurance company could direct a salvage pool that obtains possession of a vehicle to release the vehicle to the owner or lienholder, as applicable. The company would have to provide the salvage pool with a release statement containing the claim number relating to the vehicle, the name and address of the owner of the vehicle, the vehicle identification number and description, and the signature of the authorized representative of the insurance company.

The term "vehicle salvage pool" is defined in the code to refer to a person engaged in the business of storing and displaying damaged or distressed vehicles as an agent or escrow agent of an insurance company.

When it received a release statement, a salvage pool would have to send a notice to the vehicle owner and any lienholder that the vehicle was available for pickup and must be picked up within 30 days and all applicable charges paid. The notice would have to be by

certified mail or another commercially available delivery service providing proof of delivery.

If the owner or lienholder did not pick up the vehicle within 30 days, the vehicle would be considered abandoned and the salvage pool could sell the vehicle for parts. Such a sale could only be to a licensed salvage agent of an automotive recycler or to a licensed salvage agent of a foreign salvage dealer, or to a vehicle scrap metal processor if the vehicle is not a distressed late-model vehicle. The salvage pool would have to provide the buyer with the release statement, proof of notice to the owner and lienholder, and a bill of sale. The salvage pool would not be required to obtain any other licensure to make such a sale.

\*\*The bill would amend the definition of "abandoned vehicle" to add an older-model vehicle to which all of the following apply: (1) an insurance company has not acquired ownership as described in the first paragraph of the summary; (2) the vehicle cannot be disposed of by a vehicle salvage pool as described above; and (3) the vehicle has remained in the custody of a vehicle salvage pool or broker site without the consent of the salvage pool operator or broker for at least 30 days.

**FISCAL IMPACT:**

The bill would have no fiscal impact on the state or local units of government.

Legislative Analyst: Chris Couch  
Fiscal Analyst: Marilyn Peterson

---

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.