

MEMORANDUM



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Date: June 3, 2008

To: The Honorable Alan Lowenthal, Chair
The Honorable Tom McClintock, Vice Chair
Members, Senate Transportation and Housing Committee

From: Rex D. Frazier, President
Michael A. Gunning, Vice President
Kimberley Dellinger, General Counsel
Ermelinda Ruiz, Legislative Advocate

Re: AB 2273 (Fuentes): Nonrepairable Vehicle Certificates
Senate Transportation and Housing Committee Hearing June 10, 2008
PIFC Position: Support

The Personal Insurance Federation of California, representing insurers who write approximately 50% of the auto insurance sold in the state, including State Farm, Farmers, Safeco, aigdirect.com, Progressive and NAMIC, **supports AB 2273 authored by Assembly Member Fuentes.**

Current law requires insurance companies or their agents, within 10 days of settlement of a total loss, to forward properly endorsed ownership documents to the Department of Motor Vehicles (DMV) in order for a salvage title to be issued for the vehicle. In the case of a total loss retained by an insurance company, the vehicle must be properly titled and branded nonrepairable vehicle or salvage vehicle so the insurer or the insurer's agent, typically a salvage pool, can sell it at auction.

In 2006, the Legislature passed and the Governor signed AB 1122 (Wyland) which authorized an insurance company to request the DMV to issue a salvage certificate for a vehicle when the insurance company is unable to obtain an evidence of ownership certificate within 30 days following a total loss on a vehicle. Unfortunately, the bill did not include a provision for nonrepairable vehicles. AB 2273 would make this process available for nonrepairable vehicles.

AB 2273 would authorize insurance companies, if they are unable to obtain the properly endorsed certificate of ownership, to request from the DMV a nonrepairable vehicle certificate for the vehicle. The bill would require that the request include and document that the requester has made at least 2 written attempts to obtain the certificate of ownership or other acceptable evidence of title.

At the end of 2007, two of our members had well over 500 vehicles that fell into this category. Without the option being provided by AB 2273, these vehicles could sit at the salvage pool and never be sold. The bill creates an alternative salvage titling procedure which would allow insurers to sell vehicles they have *paid for* through the claims settlement process, but cannot currently dispose of due to the inadequate statutory scheme.

As the bill's sponsor, PIFC believes that AB 2273 will protect consumers, minimize additional workload for the DMV, and allow insurers to properly dispose of vehicles declared a nonrepairable total loss. For these reasons, **PIFC supports AB 2273 and urges your eye vote.** If you have any additional questions regarding our position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

cc: Assembly Member Fuentes (Author)
Mike Prozio, Chief Deputy, Legislative Affairs Secretary, Office of the Governor
Jennifer Gress, Consultant, Senate Transportation Committee
Edward Morley, Consultant, Senate Republican Caucus
Kathleen Webb, Office of the Insurance Advisor