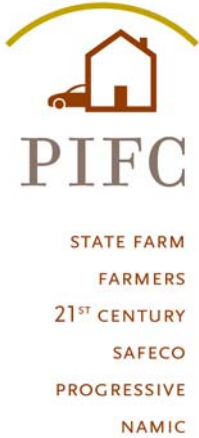


MEMORANDUM



Date: June 13, 2008

To: The Honorable Ellen Corbett, Chair
The Honorable Tom Harman, Vice Chair
Members, Senate Judiciary Committee

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

Re: AB 3004 (Duvall): Vehicles: Liens
As Amended April 1, 2008
Senate Judiciary Committee Hearing June 24, 2008
PIFC Position: Sponsor / Support

The Personal Insurance Federation of California, representing insurers who write nearly 50% of the auto insurance sold in the state, including State Farm, Farmers, Safeco, aigdirect.com, Progressive and NAMIC, **sponsors and supports AB 3004 authored by Assembly Member Duvall.**

AB 3004 would require that a lien shall be extinguished if the lienholder, after written demand by the owner or their representative, fails to provide, within a specified period of time, copies of the requested documents required by Section 10652.5 of the Vehicle Code.

Many times lienholders do not follow the procedures set forth in Civil Code section 3068 for perfecting their lien. They typically fail to give the required notices or follow the statutory requirements and as a result, an owner may not receive the appropriate notification regarding the lien in a timely manner, if at all. The consequences of these actions are that the lienholder presses for excessive lien storage fees despite their negligence in providing the required documentation.

AB 3004 would bolster existing law to provide for a forfeiture of the lien if the lienholder fails to follow the provisions for perfecting their liens. By requiring that the lienholder provide the requested documentation, it would bolster the fight against outright fraud or less than forthright business practices by lienholders who seek lien fees without complying with the Civil Code and Vehicle Code requirements.

The bill would balance the lienholder's possession of the vehicle against the right to recover lien fees. Often times, the lienholder uses their possession of the vehicle and accumulating storage as additional leverage to release the vehicle

despite that the notice or other requirements within the Civil Code section have not been complied with.

A classic example of the benefits that could be provided by AB 3004 is after an accident an owner typically does not know where their car has been taken. The lienholder is required to obtain the name and address of owner from DMV and give notice of possible lien sale to owner in order to collect for any storage fees. More times than not, the lienholder fails to identify or notify the owner yet still seeks the lien storage fees and uses possession of the vehicle and accumulating storage as "ransom." Had the lienholder provided timely notice, the owner could have taken measures to reduce the lien fee and collect the vehicle.

For the above reasons, **PIFC is proud to both sponsor and support AB 3004 and urges your aye 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 Duvall (Author)
Mike Proso, Chief Deputy, Legislative Affairs Secretary, Office of the Governor
Benjamin Palmer, Consultant, Senate Judiciary Committee
Edward Morley, Consultant, Senate Republican Caucus
Kathleen Webb, Office of the Insurance Advisor
Senate Floor Analyses