



## FLOOR ALERT

Date: May 23, 2007

To: Members, California State Senate

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

STATE FARM  
FARMERS  
21<sup>ST</sup> CENTURY  
SAFECO  
PROGRESSIVE  
NAMIC

Re: SB 498 (Oropeza): Vehicles: Total Loss Salvage  
As Amended May 2, 2007  
Senate Third Reading  
**PIFC Position: Oppose**

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The Personal Insurance Federation of California, representing insurers who write nearly 45% of the auto insurance sold in the state, including State Farm, Farmers, Safeco, 21<sup>st</sup> Century, Progressive and NAMIC, **opposes SB 498** by Senator Oropeza.

SB 498 is fraught with many challenges. The attempt to resolve these problems has a fatal flaw in that the individual titling laws of every state prohibit the bill from ever being effective. The bill does nothing to prevent title washing of vehicles by third parties, and does not prevent third parties from bringing the vehicles into California. SB 498 presumes that other states have a title brand for a saltwater flood damaged total loss vehicle. Not even California has this designation. Its potential impact on inter-state commerce could violate Federal law and there are potential economic impacts to insurers and the environment.

### Why SB 498 is Unnecessary and May be Counterproductive

- To the extent it creates burdens that are inconsistent with or in addition to other state's title branding law it is an unconstitutional burden on Interstate Commerce
- To the extent it attempts to regulate claim handling, salvage processing, title branding, or auto sales in other states it is an unconstitutional burden on Interstate Commerce
- It does not prevent title washing of vehicles by third parties, and does not prevent those third parties from bringing the vehicles into California
- Because of the serious economic consequences flowing from the inability to salvage parts, this bill could actually encourage the designation of these vehicles as repairable—putting on the roads the very cars Senator Oropeza wishes to take off the road
- The bill ignores the environmental and practical realities of crushing tens of thousands of cars
- Consumers need only refer to the NICB database to determine if a vehicle was a total loss from Katrina

For the above reasons, **PIFC opposes SB 498 and urges your no vote.** If you have any additional questions regarding our position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

cc: Senator Oropeza (Author)  
Jennifer Gress, Senate Transportation and Housing Committee  
Kathleen Webb, Office of the Insurance Advisor

Mike Proso, Chief Deputy Legislative Affairs Secretary, Office of the Governor  
Edward Morley, Consultant, Senate Republican Caucus  
Floor Analyses

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