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**HOUSE BILL NO. 870**

Offered January 11, 2012

Prefiled January 11, 2012

A *BILL to amend and reenact § 46.2-1600 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 46.2-1602.2, relating to salvage vehicles; exemptions.*

Patron—Rust

Referred to Committee on Transportation

**Be it enacted by the General Assembly of Virginia:**

**1. That § 46.2-1600 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 46.2-1602.2 as follows:**

§ 46.2-1600. Definitions.

The following words, terms, and phrases when used in this chapter shall have the meaning ascribed to them in this section, except where the context indicates otherwise:

"Actual cash value," as applied to a vehicle, means the retail cash value of the vehicle prior to damage as determined, using recognized evaluation sources, either (i) by an insurance company responsible for paying a claim or (ii) if no insurance company is responsible therefor, by the Department.

"Current salvage value," as applied to a vehicle, means (i) the salvage value of the vehicle, as determined by the insurer responsible for paying the claim or (ii) if no insurance company is responsible therefor, 25 percent of the actual cash value.

"Demolisher" means any person whose business is to crush, flatten, or otherwise reduce a vehicle to a state where it can no longer be considered a vehicle.

"Diminished value compensation" means the amount of compensation that an insurance company pays to a third party vehicle owner, in addition to the cost of repairs, for the reduced value of a vehicle due to damage.

"Independent appraisal firm" means any business providing cost estimates for the repair of damaged motor vehicles for insurance purposes and having all required business licenses and zoning approvals. This term shall not include insurance companies that provide the same service, nor shall any such entity be a rebuilder or affiliated with a rebuilder.

"Late model vehicle" means the current-year model of a vehicle and the five preceding model years, or any vehicle whose actual cash value is determined to have been at least \$10,000 prior to being damaged.

"Licensee" means any person who is licensed or is required to be licensed under this chapter.

"Major component" means any one of the following subassemblies of a motor vehicle: (i) front clip assembly, consisting of the fenders, grille, hood, bumper, and related parts; (ii) engine; (iii) transmission; (iv) rear clip assembly, consisting of the quarter panels, floor panels, trunk lid, bumper, and related parts; (v) frame; (vi) air bags; and (vii) any door that displays a vehicle identification number.

"Nonrepairable certificate" means a document of ownership issued by the Department for any nonrepairable vehicle upon surrender or cancellation of the vehicle's title and registration or salvage certificate.

"Nonrepairable vehicle" means (i) any late model vehicle that has been damaged and whose estimated cost of repair exceeds 90 percent of its actual cash value prior to damage, or (ii) any vehicle which has been determined to be nonrepairable by its insurer or owner, and for which a nonrepairable certificate has been issued or applied for, or (iii) any other vehicle which has been damaged, is inoperable, and has no value except for use as parts and scrap metal.

"Rebuilder" means any person who acquires and repairs, for use on the public highways, two or more salvage vehicles within a 12-month period.

"Rebuilt vehicle" means (i) any salvage vehicle that has been damaged as a result of collision, fire, flood, accident, trespass, or any other occurrence and has been repaired and the estimated cost of repair exceeded 75 percent of its actual cash value, for use on the public highways or (ii) any late model vehicle which has been repaired and the estimated cost of repair exceeded 75 percent of its actual cash value, excluding the cost to repair damage to the engine, transmission, or drive axle assembly.

"Repairable vehicle" means a late model vehicle that is repaired to its pre-loss condition by an insurance company immediately prior to its acquisition by an insurance company as part of the claims process.

"Repaired vehicle" means any salvage vehicle that has had repairs less than the amount necessary to

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59 make it a rebuilt vehicle.

60 "Salvage certificate" means a document of ownership issued by the Department for any salvage  
61 vehicle upon surrender or cancellation of the vehicle's title and registration.

62 "Salvage dealer" means any person who acquires any vehicle for the purpose of reselling any parts  
63 thereof.

64 "Salvage pool" means any person providing a storage service for salvage vehicles or nonrepairable  
65 vehicles who either displays the vehicles for resale or solicits bids for the sale of salvage vehicles or  
66 nonrepairable vehicles, but this definition shall not apply to an insurance company which stores and  
67 displays fewer than 100 salvage vehicles and nonrepairable vehicles in one location; however, any two  
68 or more insurance companies who display salvage and nonrepairable vehicles for resale, using the same  
69 facilities, shall be considered a salvage pool.

70 "Salvage vehicle" means (i) any late model vehicle which has been (a) acquired by an insurance  
71 company as a part of the claims process other than a stolen vehicle or (b) damaged as a result of  
72 collision, fire, flood, accident, trespass, or any other occurrence to such an extent that its estimated cost  
73 of repair, excluding charges for towing, storage, and temporary replacement/rental vehicle or payment  
74 for diminished value compensation, would exceed its actual cash value less its current salvage value; (ii)  
75 any recovered stolen vehicle acquired by an insurance company as a part of the claims process, whose  
76 estimated cost of repair exceeds 75 percent of its actual cash value; or (iii) any other vehicle which is  
77 determined to be a salvage vehicle by its owner or an insurance company by applying for a salvage  
78 certificate for the vehicle, provided that such vehicle is not a nonrepairable vehicle.

79 "Scrap metal processor" means any person who is engaged in the business of processing vehicles into  
80 scrap for remelting purposes who, from a fixed location, utilizes machinery and equipment for  
81 processing and manufacturing ferrous and nonferrous metallic scrap into prepared grades, and whose  
82 principal product is metallic scrap.

83 "Vehicle removal operator" means any person who acquires a vehicle for the purpose of reselling it  
84 to a demolisher, scrap metal processor, or salvage dealer.

85 § 46.2-1602.2. *Exemptions.*

86 *A repairable vehicle shall be exempt from the provisions of Chapter 16 (§ 46.2-1600 et seq.).*