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HOUSE BILL NO. 1687

House Amendments in [] — February 6, 2017

A BILL to amend and reenact § 46.2-1600 of the Code of Virginia, relating to nonrepairable and rebuilt vehicles.

Patron Prior to Engrossment—Delegate Austin

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 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.

"Auto recycler" means any person licensed by the Commonwealth to engage in business as a salvage dealer, rebuilder, demolisher, or scrap metal processor.

"Cosmetic damage," as applied to a vehicle, means damage to custom or performance aftermarket equipment, audio-visual accessories, nonfactory-sized tires and wheels, custom paint, and external hail damage. "Cosmetic damage" does not include (i) damage to original equipment and parts installed by the manufacturer or (ii) damage that requires any repair to enable a vehicle to pass a safety inspection pursuant to § 46.2-1157. The cost for cosmetic damage repair shall not be included in the cost to repair the vehicle when determining the calculation for a nonrepairable vehicle.

"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, bale, shred, log, 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, excluding the cost to repair cosmetic damages, exceeds 90 percent of its actual cash value prior to damage; (ii) any vehicle that 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 that has been damaged, is inoperable, and has to have no value except for use as parts and scrap metal or for which a nonrepairable certificate has been issued or applied for.

"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 repaired for use on the public highways and the estimated cost of repair did not exceed 90 percent of its actual cash value or (ii) any late model

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59 vehicle that has been repaired and the estimated cost of repair exceeded 75 percent of its actual cash
60 value, excluding the cost to repair damage to the engine, transmission, or drive axle assembly.

61 "Repairable vehicle" means a late model vehicle that is not a rebuilt vehicle, but is repaired to its
62 pre-loss condition by an insurance company and is not accepted by the owner of said vehicle
63 immediately prior to its acquisition by said insurance company as part of the claims process.

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

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

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

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

83 "Scrap metal processor" means any person who acquires one or more whole vehicles to process into
84 scrap for remelting purposes who, from a fixed location, utilizes machinery and equipment for
85 processing and manufacturing ferrous and nonferrous metallic scrap into prepared grades, and whose
86 principal product is metallic scrap.

87 "Vehicle" shall have the meaning ascribed to it in § 46.2-100. A vehicle that has been demolished or
88 declared to be nonrepairable pursuant to this chapter shall no longer be considered a vehicle. For the
89 purposes of this chapter, a major component shall not be considered a vehicle.

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

92 [2. That the provisions of this act shall expire on June 30, 2021.

93 3. That the Department of Motor Vehicles shall compile a report delineating the number of
94 salvage and nonrepairable certificates issued in the Commonwealth of Virginia for the fiscal years
95 from July 2, 2014 through June 30, 2017 and the number of salvage and nonrepairable certificates
96 issued in the Commonwealth of Virginia for the fiscal years July 1, 2017 through June 30, 2020 to
97 determine whether there is any impact on the number of nonrepairable vehicles. Such report shall
98 include any other available data. The Department shall submit the report to the Chairmen of the
99 House and Senate Committees on Transportation no later than December 1, 2020.]