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HOUSE BILL NO. 539

Offered January 9, 2008

Prefiled January 7, 2008

A BILL to amend and reenact §§ 46.2-1600, 46.2-1603.2, and 46.2-1605 of the Code of Virginia, relating to nonrepairable vehicles; title and registration.

Patron—Orrock

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That §§ 46.2-1600, 46.2-1603.2, and 46.2-1605 of the Code of Virginia are 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.

"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 six preceding model years, or any vehicle whose actual cash value is determined to have been at least \$7,500 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.

"Repaired vehicle" means any salvage vehicle that has had repairs less than the amount necessary to make it a rebuilt vehicle.

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

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

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

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

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

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

82 § 46.2-1603.2. Owner may declare vehicle nonrepairable; insurance company required to obtain a
83 nonrepairable certificate; applicability of certain other laws to nonrepairable certificates; titling and
84 registration of nonrepairable vehicle.

85 A. The owner of any vehicle titled in the Commonwealth may declare such vehicle to be a
86 nonrepairable vehicle by applying to the Department for a nonrepairable certificate.

87 B. Every insurance company or its authorized agent shall apply to the Department and obtain a
88 nonrepairable certificate for each vehicle acquired by the insurance company as a result of the claims
89 process if such vehicle is titled in the Commonwealth and is (i) a late model nonrepairable vehicle or
90 (ii) a stolen vehicle that has been recovered and determined to be a nonrepairable vehicle. The
91 application shall be accompanied by the vehicle's title certificate or salvage certificate and shall contain
92 a description of the damage to the nonrepairable vehicle. Application for the nonrepairable certificate
93 shall be made within fifteen days after payment has been made to the owner, lienholder, or both.

94 C. Every insurance company or its authorized agent shall notify the Department of each late model
95 vehicle titled in the Commonwealth upon which a claim has been paid if such vehicle is a nonrepairable
96 vehicle that is retained by its owner.

97 D. The Department, upon receipt of an application for a nonrepairable certificate for a vehicle titled
98 in the Commonwealth, or upon receipt of notification from an insurance company or its authorized agent
99 as provided in subsection C of this section that a vehicle registered in the Commonwealth has become a
100 nonrepairable vehicle, shall cause the title of such vehicle to be cancelled and a nonrepairable certificate
101 issued to the vehicle's owner.

102 There shall be no fee for the issuance of a nonrepairable certificate. All provisions of this Code
103 applicable to a motor vehicle certificate of title shall apply, mutatis mutandis, to a nonrepairable
104 certificate, except that no registration or license plates shall be issued for the vehicle described in a
105 nonrepairable certificate. No vehicle for which a nonrepairable certificate has been issued shall ever be
106 titled or registered for use on the highways in the Commonwealth, *except as provided in § 46.2-1605*.

107 E. The Department, upon receipt of a title, salvage certificate, or other ownership document from a
108 licensed salvage dealer or demolisher pursuant to subdivision A 1 of § 46.2-1603.1, shall cause the title,
109 salvage certificate, or other ownership document to such vehicle to be cancelled and a nonrepairable
110 certificate issued to the vehicle's owner.

111 § 46.2-1605. Vehicles repaired or rebuilt for highway use; examinations; branding of titles.

112 Each salvage vehicle *and any nonrepairable vehicle retained by its owner* that has been repaired or
113 rebuilt for use on the highways shall be examined by the Department prior to the issuance of a title for
114 the vehicle. The examination shall include a review of all documentation for the parts and labor used for
115 the repair of the ~~salvage~~ vehicle and a verification of the vehicle's identification number, confidential
116 number, and odometer reading. The Commissioner shall ensure that, in scheduling and performing
117 examinations of ~~salvage~~ vehicles under this section, single vehicles owned by private owner-operators
118 are afforded no lower priority than examinations of vehicles owned by motor vehicle dealers, salvage
119 dealers, demolishers, rebuilders, salvage pools, or vehicle removal operators. The Commissioner may
120 charge a fee of \$125 per vehicle, for the examination of repaired and rebuilt vehicles.

Any salvage vehicle whose vehicle identification number or confidential number has been altered, is missing, or appears to have been tampered with may be impounded by the Department until completion of an investigation by the Department. The vehicle may not be moved, sold, or tampered with until the completion of this investigation. Upon completion of an investigation by the Department, if the vehicle identification number is found to be missing or altered, a new vehicle identification number may be issued by the Department. If the vehicle is found to be a stolen vehicle and its owner can be determined, the vehicle shall be returned to him. If the owner cannot be determined or located and the person seeking to title the vehicle has been convicted of a violation of § 46.2-1074 or § 46.2-1075, the vehicle shall be deemed forfeited to the Commonwealth. Each such vehicle shall be sold at public auction and the proceeds thereof, after satisfaction of any liens, returned to the state treasury for use by the Department.

If the Department's examination of a repaired or rebuilt ~~salvage~~ vehicle *under this section* indicates no irregularities, a title and registration may be issued for the vehicle upon application therefor to the Department by the owner of the ~~salvage~~ vehicle. The title issued by the Department and any subsequent title thereafter issued for the repaired or rebuilt vehicle shall be permanently branded to indicate that it is a repaired or rebuilt vehicle. All repaired and rebuilt vehicles shall be subject to all safety equipment requirements provided by law. ~~No title or registration shall be issued by the Department for any vehicle for which a nonrepairable certificate has ever been issued.~~