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HOUSE BILL NO. 1661

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Transportation
on January 26, 2023)

(Patron Prior to Substitute—Delegate Wiley)

A BILL to amend and reenact §§ 46.2-1602.1, 46.2-1603.2, and 46.2-1608.2 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 46.2-1602.3, relating to titling requirements for nonrepairable vehicles; sale to certain auto recyclers.

Be it enacted by the General Assembly of Virginia:

1. That §§ 46.2-1602.1, 46.2-1603.2, and 46.2-1608.2 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 46.2-1602.3 as follows:

§ 46.2-1602.1. Duties of insurance companies upon acquiring certain vehicles.

~~Every~~ Except as otherwise provided in § 46.2-1602.3, every insurance company which acquires, as a result of the claims process, any late model vehicle titled in the Commonwealth or any recovered stolen vehicle whose estimated cost of repair exceeds ~~seventy-five~~ 75 percent of its actual cash value shall apply to and obtain from the Department either (i) a salvage certificate or certificate of title as provided in § 46.2-1603 or (ii) a nonrepairable certificate as provided in § 46.2-1603.2 for each such vehicle. An insurance company may apply to and obtain from the Department either a salvage certificate as provided in § 46.2-1603 or a nonrepairable certificate as provided in § 46.2-1603.2 for any other vehicle which is determined to be either a salvage vehicle or a nonrepairable vehicle.

§ 46.2-1602.3. Exception; vehicles sold for recycling parts, dismantling, demolishing, or utilizing for scrap.

A. Notwithstanding any provision of this chapter to the contrary, an insurance company, or authorized agent of an insurance company, may obtain a nonrepairable certificate for a vehicle titled in the Commonwealth and acquired by the insurance company through the claims process without first obtaining a certificate of title or a salvage certificate, provided that the insurance company or authorized agent of the insurance company electronically files the following with the Department in a manner prescribed by the Commissioner;

1. The insurance company's information, including name, address, federal identification number, and insurance company code number;

2. The claim number and claim payment date;

3. The vehicle information, including year, make, model, and vehicle identification number; and

4. A certification that:

a. The insurance company (i) has acquired the vehicle through the claims process; (ii) is unable to obtain the assigned title or salvage certificate for the vehicle from the insured; and (iii) has determined the vehicle to be a nonrepairable vehicle;

b. Any lien recorded on this title at the time the insurance company acquired the vehicle has been satisfied as a result of the claims process and released by the lien holder; and

c. The insurance company, or authorized agent of the insurance company, is selling the vehicle, either directly or through a salvage pool, to a demolisher, salvage dealer, or scrap metal processor solely for the purpose or recycling parts, dismantling, demolishing, or utilizing for scrap.

B. Upon receipt of the information required in subsection A, the Department shall update its records in accordance with subsection D of § 46.2-1603.2 and electronically deliver to the insurance company, or the authorized agent of the insurance company who filed the information in subsection A, if any, a nonrepairable certificate for the vehicle.

C. The insurance company, or authorized agent of the insurance company, shall provide the purchaser of the vehicle with the nonrepairable certificate and a bill of sale for each vehicle processed through subsection A. Delivery of such nonrepairable certificate and bill of sale to the purchaser may be through electronic means.

D. Each purchaser of a vehicle for which a nonrepairable certificate has been issued pursuant to subsection A shall comply with the notification requirements of subsection B of § 46.2-1608.2 and all applicable recordkeeping requirements of this chapter.

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

A. The owner of any vehicle titled in the Commonwealth may declare such vehicle to be a nonrepairable vehicle by applying to the Department for a nonrepairable certificate. The application shall be accompanied by the vehicle's title certificate or salvage certificate.

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60 B. Every insurance company or its authorized agent shall apply to the Department and obtain a
61 nonrepairable certificate for each vehicle acquired by the insurance company as a result of the claims
62 process if such vehicle is titled in the Commonwealth and is (i) a late model nonrepairable vehicle or
63 (ii) a stolen vehicle that has been recovered and determined to be a nonrepairable vehicle. ~~The~~ *Except as*
64 *provided in § 46.2-1602.3, the* application shall be accompanied by the vehicle's title certificate or
65 salvage certificate. Application for the nonrepairable certificate shall be made within 15 days after
66 payment has been made to the owner, lienholder, or both.

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

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

75 There shall be no fee for the issuance of a nonrepairable certificate. All provisions of this Code
76 applicable to a motor vehicle certificate of title shall apply, mutatis mutandis, to a nonrepairable
77 certificate, except that no registration or license plates shall be issued for the vehicle described in a
78 nonrepairable certificate. Except as otherwise provided in this chapter, no vehicle for which a
79 nonrepairable certificate has been issued shall ever be titled or registered for use on the highways in the
80 Commonwealth.

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

85 F. For purposes of this chapter, any vehicle for which a brand or indicator has been issued by
86 another state as reported to the National Motor Vehicle Title Information System or has been printed or
87 stamped on the vehicle's out-of-state title or other document proving ownership issued by that state
88 identifying such vehicle as "junk," "for destruction," "for parts only," "not to be repaired," or other
89 similar designation shall be deemed to have been issued a nonrepairable certificate by that state.

90 **§ 46.2-1608.2. Licensees to update records of the Department for motor vehicles that are to be**
91 **demolished or dismantled.**

92 A. A licensed auto recycler may be exempted from the waiting period in subsection B of
93 § 46.2-1608.1 by:

94 1. Entering into a contractual agreement with the Department to update records of motor vehicles to
95 be demolished or dismantled if such motor vehicles *either* have ~~either~~ been issued a certificate of title,
96 salvage certificate, or nonrepairable certificate in the Commonwealth or are titled in another state. In
97 addition to the contractual agreement, the licensed auto recycler shall be required to comply with the
98 Department's procedures for securely accessing and updating the Department's records; and

99 2. Notifying the Department that a motor vehicle is being demolished or dismantled or of the
100 intention to demolish, dismantle, or reduce the motor vehicle to a state where it can no longer be
101 considered a motor vehicle. Licensed auto recyclers shall electronically notify the Department of the
102 demolished or dismantled vehicle's certificate of title, salvage certificate, or nonrepairable certificate
103 number and vehicle identification number.

104 B. Licensed auto recyclers in possession of the certificate of title, salvage certificate, or nonrepairable
105 certificate from the Commonwealth may demolish or dismantle the subject motor vehicle. Licensed auto
106 recyclers shall electronically notify the Department *in a manner prescribed by the Commissioner* of the
107 demolished or dismantled vehicle's certificate of title, salvage certificate, or nonrepairable certificate
108 number and vehicle identification number within required time frames pursuant to subsection D of
109 § 46.2-1603.1.

110 C. Licensed auto recyclers in possession of a certificate of title issued by another state may demolish
111 or dismantle the subject motor vehicle. Licensed auto recyclers shall electronically notify the Department
112 of the demolished or dismantled vehicle's certificate of title number, vehicle identification number, year,
113 make, and model within required time frames pursuant to subsection D of § 46.2-1603.1.

114 D. Licensed auto recyclers that do not possess a certificate of title, salvage certificate, or
115 nonrepairable certificate may demolish the subject motor vehicle if the motor vehicle is a model year
116 that is at least 10 years older than the current model year. The licensed auto recycler shall provide
117 electronically to the Department the vehicle identification number and the year, make, and model of the
118 motor vehicle and shall remit to the Department the fees set out in § 46.2-627 and an additional \$10
119 transaction fee. Upon receipt of such notification, the Department shall check the records of nationally
120 recognized databases. The licensed auto recycler may not demolish or dismantle the vehicle until the
121 Department has notified the licensed auto recycler of the results of that inquiry. If a licensed auto

122 recycler is not in possession of the certificate of title, salvage certificate, or nonrepairable certificate and
123 the subject motor vehicle is of the current model year or of a model year that is nine years old or less,
124 that vehicle shall be processed in accordance with § 46.2-1202.
125 E. Nothing in this section shall release a licensed auto recycler from complying with the provisions
126 of §§ 46.2-1603.1, 46.2-1608, and 46.2-1608.1.