

## APPENDIX C

### **Model Salvage Vehicle Titling Legislation**

#### **Salvage, Rebuilt Salvage, Flood, and Nonrepairable Vehicles**

##### **Sec. 3- X01 Definitions**

- (1) MOTOR VEHICLE -- as used in this Article, motor vehicle has the same meaning as found in Section 1-142 of this Code, however, it does not include vehicles with a GVWR of more than 10,000 pounds.
  
- (2) SALVAGE VEHICLE -- means:
  - (a) any motor vehicle which has been damaged, destroyed, wrecked, or submerged in water to the extent that the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its pre-accident condition and for legal operation on the roads or highways exceeds 75 percent of the retail value of the vehicle prior to such damage, as set forth in a current edition of any nationally recognized compilation, including automated data bases, of retail values, as approved by the department. The value of repair parts for purposes of this paragraph shall be determined by using the current published retail cost of the original equipment manufacturer parts or the actual retail cost of the repair parts to be used in the repair. The labor cost of repairs for purposes of this paragraph shall be computed by using the hourly labor rate and time allocations that are reasonable and customary in the automobile repair industry in the community where the repairs are performed.
  
  - (b) any motor vehicle, without regard to whether such vehicle meets the preceding 75 percent threshold which :
    - (i) an insurance company acquires ownership of pursuant to a damage settlement, not including a settlement in connection with a recovered theft vehicle, unless such motor vehicle sustained sufficient damage to meet the 75 percent threshold ; or;
  
    - (ii) the vehicle owner designates as a Salvage Vehicle by obtaining a Salvage Title, without regard to the extent of the motor vehicle's damage and repairs.

- (3) SALVAGE TITLE -- means a certificate of title issued by the department designating a motor vehicle a Salvage Vehicle.
- (4) REBUILT SALVAGE VEHICLE -- means any motor vehicle previously issued a Salvage Title, which has passed state anti-theft and safety inspections to ensure that the motor vehicle was rebuilt to required standards, and has been issued a certificate indicating that the motor vehicle has passed the required anti-theft and safety inspections.
- (5) REBUILT SALVAGE TITLE -- means a certificate of title issued by the department for a vehicle previously designated a Salvage Vehicle which has passed required state anti- theft and safety inspections, and is now designated a Rebuilt Salvage Vehicle.
- (6) NONREPAIRABLE VEHICLE -- means any motor vehicle which is incapable of safe operation for use on roads or highways and which has no resale value except as a source of parts or scrap only or which the owner irreversibly designates as a source of parts or scrap.
- (7) NONREPAIRABLE VEHICLE CERTIFICATE -- means a motor vehicle ownership document issued by the department designating that vehicle a Nonrepairable Vehicle.
- (8) FLOOD VEHICLE --means a motor vehicle that has been submerged in water to the point that rising water has reached over the door sill and has entered the passenger or trunk compartment.

**Sec. 3-X02 Duty to Apply for Salvage Vehicle Title -- Nonrepairable Vehicle Certificate**

- (1) Unless an insurance company has made a damage settlement arising out of damage sustained to a Salvage Vehicle or a Nonrepairable Vehicle, the vehicle owner shall apply to the department for a Salvage Title or Nonrepairable Vehicle Certificate, whichever is applicable, before the motor vehicle is repaired or the ownership of the motor vehicle is transferred. In no event shall such application be made more than 30 days after the vehicle is damaged.
- (2) Every insurance company, which pursuant to a damage settlement, acquires ownership of a vehicle that has incurred damage requiring the vehicle to be designated a Salvage Vehicle or Nonrepairable Vehicle, shall apply to the department for a Salvage Title or Nonrepairable

Vehicle Certificate within 15 days after the title is assigned and delivered by the owner to the insurance company, with all liens released.

- (3) Every insurance company which makes a damage settlement for a vehicle that has incurred damage requiring such vehicle to be designated a Salvage Vehicle or Nonrepairable Vehicle, but does not acquire ownership of the vehicle, shall

Alternative 1:

notify the vehicle owner of the owner's obligation to apply to the department for a Salvage Title or Nonrepairable Vehicle Certificate for the motor vehicle, and shall notify the department of this fact in accordance with procedures established by the department.

Alternative 2:

withhold payment of the claim until the vehicle owner applies for a Salvage Title or a Nonrepairable Vehicle Certificate

- (4) The lessee of any vehicle which incurs damage requiring the vehicle to be designated a Salvage or Nonrepairable Vehicle shall notify the lessor of this fact within 30 days of the damage.
- (5) The lessor of any motor vehicle which has incurred damage requiring the vehicle to be titled as a Salvage or Nonrepairable Vehicle, shall apply to the department for a Salvage Title or Nonrepairable Vehicle Certificate within 21 days after being notified of this fact by the lessee.
- (6) Every person acquiring ownership of a motor vehicle that meets the definition of a Salvage or Nonrepairable Vehicle, for which a Salvage Title or Nonrepairable Vehicle Certificate has not been issued, shall apply to the department for the required document prior to any further transfer of such vehicle, but in no event, more than 30 days after ownership is acquired.

### **Sec. 3-X03 Duty to Notify Lessors, Purchasers, Department of Flood Vehicle Status**

- (1) Every owner of a vehicle that becomes a Flood Vehicle shall, at or prior to the time ownership is transferred, give the transferee written notice that the vehicle is a Flood Vehicle.
- (2) Every lessee of a vehicle that becomes a Flood Vehicle, shall, within 15 days of the occurrence, give the lessor written notice that the vehicle is a Flood Vehicle.
- (3) Every vehicle owner transferring ownership of a Flood Vehicle shall at the time of such transfer notify the department of the vehicle's Flood Vehicle designation in accordance with procedures established by the department.

### **Sec. 3-X04 Department to Designate Salvage, Flood, and Nonrepairable Vehicles**

- (1) Upon notification of a vehicle's designation as a Salvage Vehicle, or Nonrepairable Vehicle, and payment of appropriate fees, the department shall issue, a Salvage Title, or Nonrepairable Vehicle Certificate, as appropriate in accordance with procedures established by the department.
- (2) Each Salvage Vehicle Title issued by the department shall, in addition to complying with requirements of Sec. 3-107 of this Chapter, be conspicuously labeled with this designation on its face.
- (3) Upon notification of a vehicle's designation as a Flood Vehicle, and payment of appropriate fees, the department shall conspicuously label this Flood Vehicle status on the face of the vehicle's title.
- (4) Each Nonrepairable Vehicle Certificate shall contain the same identifying information and comply with format, size and security requirements applicable to certificates of title by Sec. 3-107 of this Chapter, and shall be conspicuously labeled with this designation on its face.
- (5) The designation of a motor vehicle's status shall be conspicuously labeled on the face of any subsequent title, including any duplicate title, issued by the department for the vehicle.

- (6) The department shall maintain the preceding designations of a vehicle's status as a permanent part of each vehicle's record, and shall include this information as part of any electronically transmitted or printed vehicle record provided by the department for that motor vehicle

### **Sec. 3-X05 Restrictions on Use and Transfer of Salvage Vehicles**

- (1) No motor vehicle for which a Salvage Title has been issued shall be registered by the department for use on the roads or highways of this state unless it has been issued a Rebuilt Salvage Title.
- (2) The ownership of a Salvage Vehicle shall only be transferred through the use of a Salvage Title.
- (3) No Salvage Vehicle shall be issued a Rebuilt Salvage Title unless the Salvage Vehicle has been repaired or rebuilt, and passed a ~~n anti-theft and~~ safety inspection by a person or persons licensed or employed by a State under a program approved by the department, [ or other designated agency] and an inspection for stolen parts by a certified State or local law enforcement official, under a program approved by the department.

### **Sec. 3-X06 Restrictions on Use and Transfer of Nonrepairable Vehicles**

- (1) No motor vehicle for which a Nonrepairable Vehicle Certificate has been issued shall be titled or registered by the department for use on the roads or highways of this state.
- (2) Ownership of the motor vehicle for which a Nonrepairable Vehicle Certificate has been issued may only be transferred two times.
- (3) Whenever a motor vehicle has been flattened, baled, shredded, **or otherwise destroyed**, whichever comes first, the motor vehicle title or Nonrepairable Vehicle Certificate for the vehicle shall be surrendered to the department within 30 days.

- (4) The department shall update its record to indicate the destruction of such vehicle and no further ownership transactions for the vehicle shall be permitted. If at the time the vehicle is destroyed it is titled in another state, the department shall notify the state where the vehicle is titled of the surrender of the title or Nonrepairable Vehicle Certificate and of the vehicle's destruction.

### **Sec. 3-X07 Procedures for Titling Rebuilt Salvage Vehicles**

- (1) The department shall not issue a Rebuilt Salvage Title for a motor vehicle with a Salvage Title unless the vehicle has passed required state anti-theft and safety inspections. A motor vehicle for which a Rebuilt Salvage Title has been issued may be registered for use on the roads and highways of this state.
- (2) Every owner of a motor vehicle designated as a Salvage Vehicle shall, as a condition of having that vehicle designated a Rebuilt Salvage Vehicle, present to the department the Salvage Title, along with a certificate, which complies with the security and guideline standards established by the department, indicating that the vehicle has passed the required anti-theft and safety inspections.
- (3) Upon satisfaction of the preceding requirements, the department shall issue a Rebuilt Salvage Title, and shall maintain this designation as a permanent part of the vehicle's record, and shall include this information as part of any electronically transmitted or printed vehicle record provided by the department for that motor vehicle.
- (4) Each Rebuilt Salvage Title issued by the department shall, in addition to complying with requirements of Sec. 3-107 of this Chapter, be conspicuously labeled with the designation "Rebuilt Salvage Vehicle --Anti-theft and Safety Inspections Passed" on its face.
- (5) If the vehicle for which a Rebuilt Salvage Title is issued sustained such damage by being submerged in water, the department shall also conspicuously label this Flood Vehicle status on the face of the Rebuilt Salvage Title.
- (6) Ownership of a Rebuilt Salvage Vehicle shall only be conveyed through the use of a Rebuilt Salvage Title.

- (7) After a Salvage Vehicle has passed the required State anti-theft and safety inspections, the inspection official shall affix a secure decal stating "Rebuilt Salvage Vehicle --Anti-theft and Safety Inspections Passed" to the driver's door jamb of the vehicle and issue to the owner of the vehicle a certificate indicating that the motor vehicle has passed the required anti-theft and safety inspections. The decal and certificate must comply with permanency and security requirements established by the department.