



Senate

General Assembly

File No. 130

February Session, 2002

Substitute Senate Bill No. 399

Senate, March 25, 2002

The Committee on Transportation reported through SEN. CIOTTO of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING DISCLOSURES IN THE SALE OF SALVAGED MOTOR VEHICLES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 14-16c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2002*):

3 (a) (1) Any insurance company which takes possession of a motor
4 vehicle for which a certificate of title has been issued in this state or in
5 any other state, that has been declared a total loss [, in] and that is
6 offered for sale by such insurance company or its agent as a result of
7 the settlement of a claim for damage or theft, shall stamp the word
8 "SALVAGE" in one-inch-high letters not to exceed three inches in
9 length on the vehicle's certificate of title and shall attach to such
10 certificate of title a copy of the appraiser's damage report used for the
11 calculation of the total damage to such totalled motor vehicle, except
12 that if the insurance company determines that such motor vehicle has
13 ten or more major component parts which are damaged beyond repair

14 and must be replaced, the insurance company shall stamp the words
15 "SALVAGE PARTS ONLY" in one-inch-high letters not to exceed three
16 inches in length on the vehicle's certificate of title. A copy of such
17 certificate shall be sent by the insurance company to the Department of
18 Motor Vehicles.

19 (2) Any person, firm or corporation which is a self-insurer and owns
20 a motor vehicle for which a certificate of title has been issued in this
21 state or in any other state, that has been declared a total loss and that is
22 offered for sale by such self-insurer or its agent, shall stamp the word
23 "SALVAGE" in one-inch-high letters not to exceed three inches in
24 length on the vehicle's certificate of title and shall attach to such
25 certificate of title a copy of the appraiser's damage report used for the
26 calculation of the total damage to such totalled motor vehicle, except
27 that if such self-insurer determines that such motor vehicle has ten or
28 more major component parts which are damaged beyond repair and
29 must be replaced, the self-insurer shall stamp the words "SALVAGE
30 PARTS ONLY" in one-inch-high letters not to exceed three inches in
31 length on the motor vehicle's certificate of title. Any person, firm or
32 corporation which is insured other than by means of self-insurance
33 and owns such a motor vehicle, shall forward the vehicle's certificate of
34 title to the company insuring such vehicle or the company paying the
35 totalled claim. Such insurer shall stamp the word "SALVAGE" in one-
36 inch-high letters not to exceed three inches in length on the certificate
37 of title except that if the insurance company determines that such
38 motor vehicle has ten or more major component parts which are
39 damaged beyond repair and must be replaced, the insurer taking
40 possession of such motor vehicle shall stamp the words "SALVAGE
41 PARTS ONLY" in one-inch-high letters not to exceed three inches in
42 length on the motor vehicle's certificate of title and shall return such
43 certificate to such person, firm or corporation. A copy of such
44 certificate shall be sent by the person, firm or corporation to the
45 Department of Motor Vehicles.

46 (3) For purposes of this subsection, "major component part" shall
47 have the same meaning as provided in subdivision (2) of subsection (a)

48 of section 14-149a.

49 (b) Any insurance company taking possession of a motor vehicle in
50 accordance with subsection (a) of this section or any person, firm or
51 corporation which owns such motor vehicle shall copy the stamped
52 certificate and give the original of such certificate, with a copy of the
53 appraiser's damage report used for the calculation of the damage
54 attached to it, to any subsequent purchaser of the motor vehicle that
55 has been declared a total loss. The name and address of any such
56 purchaser must be recorded on the reverse side of the original and the
57 copy. The copy shall serve only as a record of transfers of the total loss
58 motor vehicle.

59 (c) The person, firm, company or corporation required to stamp
60 "SALVAGE" on the certificate of title shall stamp the following
61 statement on the face of any original or copy of such certificate issued
62 in accordance with this section: "WARNING: ALL PURCHASERS OF
63 THE MOTOR VEHICLE DESCRIBED HEREIN MUST RECORD
64 THEIR NAME AND ADDRESS ON THE REVERSE SIDE. THIS
65 VEHICLE CANNOT BE REGISTERED OR RETITLED WITHOUT
66 PASSING INSPECTION UNDER SECTION 14-103a. THIS
67 DOCUMENT MUST BE SUBMITTED AT THE TIME OF
68 INSPECTION."

69 (d) No motor vehicle for which a copy has been made in accordance
70 with this section may be operated upon any highway in this state,
71 except that an owner of any such motor vehicle who is a motor vehicle
72 dealer or repairer licensed under the provisions of section 14-52 may
73 operate such vehicle for the purpose of presenting the vehicle for
74 inspection pursuant to section 14-103a. If such vehicle fails to comply
75 with the minimum standards, it shall be transported from the site of
76 such inspection. If any such motor vehicle is rebuilt for sale or use, the
77 owner shall apply to the Commissioner of Motor Vehicles for an
78 original certificate of title and present the vehicle for inspection
79 pursuant to section 14-103a. The certificate of title issued in accordance
80 with this section must be presented at the time of inspection, unless

81 waived by the commissioner for good cause.

82 (e) Notwithstanding the provisions of this section, a motor vehicle
83 for which a certificate of title has been issued in this state, that has been
84 declared a total loss in settlement of a claim for theft, having no
85 damage to a major component part or having damage not exceeding
86 (1) fifteen per cent of the retail value of such motor vehicle, as
87 determined in accordance with the provisions of section 38a-353, or (2)
88 one thousand dollars as evidenced by an insurance adjuster's damage
89 appraisal report, shall not be required to have its certificate of title
90 stamped in accordance with the provisions of this section provided
91 proof of such damage or lack of damage to a major component part, is
92 attached to such certificate.

93 (f) No insurance company and no firm or corporation which is a
94 self-insurer may sell or transfer any totalled or salvaged motor vehicle,
95 major component parts or any other parts of a motor vehicle to any
96 person, firm or corporation which is not licensed under the provisions
97 of subparts (D) or (H) of part III of this chapter. No person, firm or
98 corporation licensed as a new or used car dealer who holds a permit
99 pursuant to the provisions of section 14-65 may sell or transfer any
100 totalled or salvaged motor vehicle with a certificate of title stamped
101 "SALVAGE PARTS ONLY" or any motor vehicle which has ten or
102 more major component parts damaged beyond repair and in need of
103 replacement to any person, firm or corporation which is not licensed
104 under the provisions of subpart (H) of part III of this chapter or under
105 a similar provision of law of any other state. Any sale or transfer in
106 violation of the provisions of this section shall constitute an unfair
107 method of competition and an unfair or deceptive act or practice, as
108 defined by section 42-110b.

109 (g) The Commissioner of Motor Vehicles shall adopt regulations, in
110 accordance with the provisions of chapter 54 to implement the
111 provisions of this section.

This act shall take effect as follows:

Section 1	<i>October 1, 2002</i>
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TRA *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill requires insurance companies and self-insurers to attach the appraiser's damage report when offering certain salvaged motor vehicles for sale.

Since this bill is primarily affecting insurance companies and self-insurers, it is not expected to impact the Department of Insurance.

It is anticipated that the Commissioner of Motor Vehicles will adopt regulations within existing budgetary appropriations without the need for additional resources.

OLR Bill Analysis

sSB 399

AN ACT CONCERNING DISCLOSURES IN THE SALE OF SALVAGED MOTOR VEHICLES**SUMMARY:**

This bill requires insurance companies and self-insurers that offer, either themselves or through an agent, to sell a titled motor vehicle they have taken into their possession and declared a total loss in settlement of a damage or theft claim to attach to the salvage title certificate a copy of the appraiser's damage report used to calculate to the total damage to the vehicle. The appraiser's damage report, as is currently required for the salvage certificate, must be given to any subsequent purchaser. Also, the bill applies this and the current salvage title requirements to totaled vehicles insurers and self-insurers acquire with titles issued in other states.

Currently, insurance companies and self-insurers that take possession of Connecticut-titled vehicles under these circumstances must stamp the word "SALVAGE" on the vehicle's title. The stamped title must remain with the vehicle and be given to subsequent purchasers, and a copy of the stamped title must be sent to the Department of Motor Vehicles. If a vehicle has 10 or more major component parts (defined by law) damaged beyond repair and requiring replacement, the title must be stamped with the words "SALVAGE PARTS ONLY."

Finally, the bill applies current restrictions on the entities to which totaled, salvage, and salvage-parts-only vehicles and their parts may be sold to transfers as well as sales and, as is currently the requirement for sales, designates transfers that violate the restrictions unfair or deceptive trade practices. Currently, insurers and self-insurers may only sell totaled or salvaged vehicles, their major component parts, or any other parts from them to licensed dealers, repairers, or motor vehicle recyclers. New or used car dealers who hold state motor vehicle auction permits may only sell totaled or salvaged vehicles with "Salvage Parts Only" title certificates, or vehicles that have 10 or more major component parts damaged beyond repair and needing replacement to licensed motor vehicle recyclers.

EFFECTIVE DATE: October 1, 2002

BACKGROUND***Connecticut Unfair Trade Practices Act***

The law prohibits businesses from engaging in unfair and deceptive acts or practices. CUTPA allows the DCP commissioner to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. The act also allows individuals to bring suit. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorneys fees; and impose civil penalties of up to \$5,000 for willful violations and \$25,000 for violation of a restraining order.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 28 Nay 0