



Insurance Auto Auctions (IAA) appreciates the opportunity to submit testimony to you today to express our concerns with section 23 of House Bill 6459, AN ACT CONCERNING REVISIONS TO THE MOTOR VEHICLE STATUTES.

Insurance Auto Auctions (IAA) primary business is the sale of damaged and theft-recovered vehicles for the insurance industry. These vehicles are sold at a weekly auction held at IAA's two locations in the State of Connecticut, one in East Windsor and the other in Middletown, Connecticut. When selling these vehicles at auction, IAA acts as an agent for insurance companies and does not purchase the vehicles.

By way of background, Section 14-16c of the Connecticut General Statutes authorizes insurance companies to sell totaled or salvaged motor vehicles to motor vehicle dealers and recyclers.

Pursuant to Section 14-52, Connecticut law requires that any entity engaging in the business of the buying, selling, offering for sale or *brokerage* of any motor vehicle, be licensed as either a new or used car dealer. Furthermore, Section 14-65 prohibits any entity from selling motor vehicles at auction without first obtaining an auction permit.

Based on what the law requires in section 14-52, IAA is required to be licensed as used car dealer in order to act as a broker and sell vehicles on consignment on behalf of insurance companies, and additionally, is required under section 14-65 to obtain an auction permit in order to sell such vehicles at auction.

Section 23 of House bill 6495 would amend sec. 14-52 of the code to prohibit used car dealers from selling vehicles on consignment or as a broker for others. If this provision is enacted, IAA and other auto auction companies would not be able to conduct their business. For that reason, IAA opposes Section 23 of HB 6495.

In lines 634-636 of this proposal, it states that *"No person, firm or corporation that holds any such license shall sell any motor vehicle on consignment or as a broker for any person, firm or corporation"*.

The proposal further states in lines 717-719 that *"Any licensee that sells a motor vehicle on consignment or as a broker for another person shall be guilty of a class B misdemeanor"*.

This proposed language would explicitly prohibit entities holding used car dealer licenses from selling vehicles on consignment or as brokers and would be in direct conflict with the sections of statute that permit insurance companies to utilize brokers to sell their vehicles on their behalf.

IAA has a used car dealer license for several reasons. First, the state of CT does not have an auto auction or a salvage pool license. Second, in order for IAA to sell vehicles at auction, by law they are required to apply for and obtain an auction permit from the Department of Motor Vehicles. Section 14-65 of the code states that a person may not engage in the business of selling motor vehicles at auction, unless the person is licensed as a new or used car dealer and has obtained an auction permit. The auction permit lists the used car dealer license number. So, when IAA sells vehicles on behalf of others, it sells the vehicles under their used car dealer license and the auction permit. There is nothing in the law that requires auto auctions to own the vehicles they sell. Typically, auto auctions do not own the vehicles they sell, but, instead, sell the vehicles on behalf of others.

Also, sec. 14-16(c) sets for the process an insurance company is to follow when it takes possession of a motor vehicle for which a certificate of title has been issued in this state that has been declared a total loss. This statute already envisions that total loss vehicles will be sold by agents for the insurance companies, so the amendment to section 14-52 would create a conflict with this section.

For the reasons stated above, we respectfully request that you remove the language that would prohibit used car dealers from selling vehicles on consignment or as a broker for others. Additionally, the language in section 23(d) that would make the consignment sale a crime should be removed as well.

We appreciate your consideration and attention to this matter.