



Legislative Council Staff

Research Note

Version: Final

Date: 4/28/2016

Bill Number

House Bill 16-1293

Sponsors

Representative Melton
Senator Holbert

Short Title

Total Loss Brand Title Motor
Vehicle

Research Analyst

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Status

This research note reflects the final version of the bill. The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on April 27, 2016.

Summary

This bill requires automobile insurers to submit to the Department of Revenue (DOR) a statement notifying DOR when a motor vehicle:

- has been damaged and needs repairs exceeding the vehicle's value; or
- has been designated by the insurer as a total loss.

Upon receipt of this statement from the insurer, the DOR must:

- notify the owner and all lienholders and provide each with a copy of the statement;
- issue a new title branded with "insurance loss," or a salvage title if the statement includes facts that qualify the vehicle as a salvage vehicle; and
- note on the title any unreleased liens and deliver the title to the senior lienholder or the owner with a demand that the original title be surrendered.

The bill does not apply to collector's or street-rod vehicle types.

Background

Under current law, a motor vehicle certificate of title is permanently branded if the vehicle:

- is a salvage vehicle or is rebuilt from salvage;
- is non-repairable;
- is flood-damaged;
- has had its odometer tampered with or has an incorrect odometer; or
- has a designation that was placed on its title by another jurisdiction.

A branding is a permanent marking on a motor vehicle's title, associated with the vehicle's identification number, that provides information about the value of the vehicle. A vehicle's title branding must carry forward to future titles, and a branding from another state must carry forward to the vehicle's Colorado title. The brand is entered into the vehicle's record in the Colorado State Title and Registration System (CSTARS) and printed on its certificate of title. Currently, there are 64 title brands designated in CSTARS. These 64 brands are either required by the Colorado Revised Statutes (e.g. flood damaged, salvage vehicle, or rebuilt from salvage) or are brands recommended by the American Association of Motor Vehicle Administrators (AAMVA) that states place on their certificates of title (e.g. former taxi or fire damaged).

A Colorado certificate of title is limited to 10 brands printed on it due to space constraints. If a title contains more than 9 brands, the 10th and subsequent brands are entered stating "Other Brands Exist." All brands remain on the vehicle's CSTARS record.

In Colorado, owners of non-repairable vehicles must apply for a non-repairable title and may only sell the vehicles as scrap or for parts. Owners of salvage vehicles, which include vehicles damaged by collision, fire, flood, accident, trespass, or other occurrence, excluding hail damage, must apply for a salvage title, unless the vehicle has been made roadworthy, in which case the vehicle's title must be branded as rebuilt from salvage. In addition, if a vehicle is determined to be junk, the DOR must cancel the vehicle's identification number, collect the title, and remove the vehicle from the motor vehicle system. Current law also requires any owner or dealer to disclose any title brand prior to sale or trade of a motor vehicle through a branded title disclosure statement.

House Action

House Transportation & Energy Committee (March 16, 2016). At the hearing, representatives of American Family Insurance, Insurance Auto Auctions, Collector Car Council, and Farmers Insurance testified in opposition to the bill. Representatives of the Colorado Independent Auto Dealers Association, Colorado Auto Dealers Association, and one private citizen testified in support of the bill. The committee adopted amendments L.002, L.003, and L.004. Amendment L.002 requires the DOR, upon receipt of a total loss statement from an insurer, to:

- notify the owner and all lienholders and provide each with a copy of the statement;
- issue a new title branded with "insurance loss," or a salvage title if the statement includes facts that qualify the vehicle as a salvage vehicle; and
- note on the title any unreleased liens and deliver the title to the senior lienholder or the owner with a demand that the original title be surrendered.

Amendment L.003 states that the bill does not apply to a collector's item or street-rod vehicle. Amendment L.004 removes the requirement that an insurer notify the DOR when a motor vehicle has been recovered after being reported stolen to law enforcement and a claim has been made

by an owner and paid by the insurer. The committee referred the bill, as amended, to the House Appropriations Committee.

House Appropriations Committee (April 7, 2016). The committee adopted amendment J.001 and referred the bill to the House Committee of the Whole. The amendment adds an appropriations clause to the bill.

House second reading (April 12, 2016). The House adopted the House Transportation committee report, the House Appropriations committee report, and Amendment No. 3. Amendment No. 3 removes stolen vehicles from the definition of total loss under the bill.

House third reading (April 14, 2016). The House passed the bill on third reading with no amendments.

Senate Action

Senate State, Veterans, and Military Affairs Committee (April 27, 2016). At the hearing, representatives of the Colorado Independent Automobile Dealers Association and one private citizen testified in support of the bill. The bill was postponed indefinitely by the committee.