

House File 777 - Introduced

HOUSE FILE 777
BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO HSB 179)

A BILL FOR

1 An Act relating to applications for a motor vehicle salvage
2 certificate of title by an insurer without surrendering the
3 certificate of title or manufacturer's or importer's statement
4 of origin, making penalties applicable, and including
5 effective date provisions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 321.52, subsection 4, paragraph a, Code
2 2025, is amended to read as follows:

3 a. (1) Notwithstanding any other provision of law to the
4 contrary, an insurer may apply for and be issued a salvage
5 certificate of title for a motor vehicle without surrendering the
6 certificate of title or manufacturer's or importer's statement
7 of origin properly assigned if ownership of the vehicle was
8 transferred, or will transfer, to the insurer pursuant to a
9 settlement with the previous owner of the vehicle arising from
10 circumstances involving damage to the vehicle, and at least
11 thirty days have expired since the effective date of such
12 settlement. To obtain a salvage certificate of title pursuant
13 to this paragraph "a", the insurer shall submit an application
14 for a salvage certificate of title to any county treasurer. The
15 application ~~shall~~ must be accompanied by an one of the following:

16 (a) An affidavit from the insurer in which the insurer
17 certifies it has made at least two written attempts to obtain
18 a properly assigned certificate of title or manufacturer's or
19 importer's statement of origin for the vehicle by contacting
20 the previous owner of the vehicle and all lienholders of record
21 by certified mail or a similar service that provides proof of
22 service using a return receipt, and has been unable to obtain the
23 title or statement of origin. The failure of a previous owner or
24 lienholder to provide a properly assigned certificate of title or
25 manufacturer's or importer's statement of origin shall be deemed
26 to be a waiver by the previous owner or lienholder of all rights,
27 title, claim, and interest in the vehicle. The

28 (b) If the owner transfers ownership of the vehicle to an
29 insurer pursuant to a settlement arising from circumstances
30 involving damage to or theft of the motor vehicle, one or more
31 supporting documents, including but not limited to a power of
32 attorney described in section 321.49, a duplicate certificate
33 of title application for the vehicle owner, or an odometer
34 statement required under section 321.71 to the extent permitted
35 under 49 C.F.R. pt. 580, evidencing the transfer of ownership

1 to the insurer. Notwithstanding chapter 9B, section 633B.105,
2 or any other provision to the contrary, supporting documents
3 may be signed and affirmed under penalty of perjury in lieu
4 of a notarized signature and, in accordance with chapter 554D,
5 the signature may be electronic. The affirmation under penalty
6 of perjury is limited to the signature identifying the signer
7 as the owner or the signer's representation of the authority
8 of the named agent to sign on the owner's behalf. The
9 insurer shall indemnify and hold harmless the department for any
10 claims resulting from issuing a certificate of title, salvage
11 certificate of title, or junking certificate pursuant to this
12 subparagraph division. The department may adopt rules pursuant
13 to chapter 17A to implement and administer this subparagraph
14 division.

15 (2) An application shall made in accordance with subparagraph
16 (1) must also be accompanied by the application fee required
17 under paragraph "b", and proof of payment of the total amount
18 of the settlement by the insurer to the previous owner of
19 the vehicle. Upon receiving an application that complies with
20 this paragraph "a", the county treasurer shall issue a salvage
21 certificate of title to the insurer which shall be free and clear
22 of all liens and claims of ownership and shall bear the word
23 "SALVAGE" stamped or printed on the face of the title in a manner
24 prescribed by the department.

25 Sec. 2. EFFECTIVE DATE. This Act takes effect January 1,
26 2026.

27 EXPLANATION

28 The inclusion of this explanation does not constitute agreement with
29 the explanation's substance by the members of the general assembly.

30 Under current law, when a motor vehicle is sold or
31 transferred, the vehicle's certificate of title must be
32 physically exchanged between the seller or transferor and the
33 purchaser or transferee. Limited exceptions apply, including
34 that an insurer is authorized to apply for and be issued
35 a salvage certificate of title for a motor vehicle without

1 surrendering the certificate of title or manufacturer's or
2 importer's statement of origin properly assigned if (1) ownership
3 of the vehicle was transferred, or will transfer, to the insurer
4 pursuant to a settlement with the previous owner of the vehicle
5 arising from circumstances involving damage to the vehicle, (2)
6 at least 30 days have expired since the effective date of
7 such settlement, and (3) the application is accompanied by an
8 affidavit from the insurer in which the insurer certifies it has
9 made at least two written attempts to obtain a properly assigned
10 certificate of title or statement of origin for the vehicle by
11 contacting the previous owner of the vehicle and all lienholders
12 of record by certified mail or a similar service, and has been
13 unable to obtain the title or statement of origin.

14 This bill authorizes an insurer to instead submit one or
15 more supporting documents described in the bill, evidencing the
16 transfer of ownership from the previous owner to the insurer if
17 the motor vehicle is transferred pursuant to a settlement arising
18 from circumstances involving damage or theft. Such supporting
19 documents must be signed and affirmed under penalty of perjury
20 if they are not notarized, and may be signed electronically in
21 accordance with Code chapter 554D (electronic transactions). The
22 insurer is required to indemnify and hold harmless the department
23 of transportation for any claims resulting from issuing a salvage
24 certificate of title pursuant to the bill.

25 In accordance with current law, an application with supporting
26 documents must also be accompanied by a \$20 application fee and
27 proof of payment of the total amount of the settlement by the
28 insurer to the previous owner of the vehicle. In addition, a
29 surcharge of \$5 is required pursuant to Code section 321.52A.

30 A person who violates the title and registration requirements
31 of Code section 321.52, including as amended by the bill, commits
32 a simple misdemeanor punishable by a \$135 scheduled fine. By
33 operation of law, any person who knowingly swears or affirms
34 falsely to any matter or thing required under Code chapter 321
35 (motor vehicles and law of the road) to be sworn to or affirmed,

1 including as required by the bill, is guilty of a class "D"
2 felony. A class "D" felony is punishable by confinement for no
3 more than five years and a fine of at least \$1,025 but not more
4 than \$10,245.

5 The bill takes effect January 1, 2026.

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