

House Study Bill 179 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON YOUNG)

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, and making penalties applicable.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

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 motor vehicle is deemed a total loss, one or more
29 supporting documents, including but not limited to a power of
30 attorney as described in section 321.49, a duplicate certificate
31 of title application submitted by the previous owner, or an
32 odometer statement required under section 321.71, evidencing the
33 transfer of ownership from the previous owner to the insurer.
34 Such supporting documents do not require notarization and may
35 be signed electronically. The insurer shall indemnify and hold

1 harmless the department for any claims resulting from issuing
2 a salvage certificate of title pursuant to this subparagraph
3 division. For purposes of this subparagraph division, "total
4 loss" means the estimated repair cost of the motor vehicle plus
5 the projected salvage value of the vehicle meets or exceeds the
6 cash value of the vehicle prior to the damage.

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

17 EXPLANATION

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

20 Under current law, when a motor vehicle is sold or
21 transferred, the vehicle's certificate of title must be
22 physically exchanged between the seller or transferor and the
23 purchaser or transferee. Limited exceptions apply, including
24 that an insurer is authorized to apply for and be issued
25 a salvage certificate of title for a motor vehicle without
26 surrendering the certificate of title or manufacturer's or
27 importer's statement of origin properly assigned if (1) ownership
28 of the vehicle was transferred, or will transfer, to the insurer
29 pursuant to a settlement with the previous owner of the vehicle
30 arising from circumstances involving damage to the vehicle, (2)
31 at least 30 days have expired since the effective date of
32 such settlement, and (3) the application is accompanied by an
33 affidavit from the insurer in which the insurer certifies it has
34 made at least two written attempts to obtain a properly assigned
35 certificate of title or statement of origin for the vehicle by

1 contacting the previous owner of the vehicle and all lienholders
2 of record by certified mail or a similar service, and has been
3 unable to obtain the title or statement of origin.

4 This bill authorizes an insurer to instead submit one or
5 more supporting documents described in the bill, evidencing the
6 transfer of ownership from the previous owner to the insurer if
7 the motor vehicle is deemed a total loss, as defined in the bill.
8 Such supporting documents do not require notarization and may
9 be signed electronically. The insurer is required to indemnify
10 and hold harmless the department of transportation for any claims
11 resulting from issuing a salvage certificate of title pursuant to
12 the bill.

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

18 A person who violates the title and registration requirements
19 of Code section 321.52, including as amended by the bill, commits
20 a simple misdemeanor punishable by a \$135 scheduled fine.