

HOUSE BILL NO. 1661

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Transportation

on January 26, 2023)

(Patron Prior to Substitute--Delegate Wiley)

A BILL to amend and reenact §§ 46.2-1602.1, 46.2-1603.2, and 46.2-1608.2 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 46.2-1602.3, relating to titling requirements for nonrepairable vehicles; sale to certain auto recyclers.

Be it enacted by the General Assembly of Virginia:

1. That §§ 46.2-1602.1, 46.2-1603.2, and 46.2-1608.2 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 46.2-1602.3 as follows:

§ 46.2-1602.1. Duties of insurance companies upon acquiring certain vehicles.

~~Every~~ Except as otherwise provided in § 46.2-1602.3, every insurance company which acquires, as a result of the claims process, any late model vehicle titled in the Commonwealth or any recovered stolen vehicle whose estimated cost of repair exceeds ~~seventy-five~~ 75 percent of its actual cash value shall apply to and obtain from the Department either (i) a salvage certificate or certificate of title as provided in § 46.2-1603 or (ii) a nonrepairable certificate as provided in § 46.2-1603.2 for each such vehicle. An insurance company may apply to and obtain from the Department either a salvage certificate as provided in § 46.2-1603 or a nonrepairable certificate as provided in § 46.2-1603.2 for any other vehicle which is determined to be either a salvage vehicle or a nonrepairable vehicle.

§ 46.2-1602.3. Exception; vehicles sold for recycling parts, dismantling, demolishing, or utilizing for scrap.

A. Notwithstanding any provision of this chapter to the contrary, an insurance company, or authorized agent of an insurance company, may obtain a nonrepairable certificate for a vehicle titled in the Commonwealth and acquired by the insurance company through the claims process without first

27 obtaining a certificate of title or a salvage certificate, provided that the insurance company or authorized
28 agent of the insurance company electronically files the following with the Department in a manner
29 prescribed by the Commissioner;

30 1. The insurance company's information, including name, address, federal identification number,
31 and insurance company code number;

32 2. The claim number and claim payment date;

33 3. The vehicle information, including year, make, model, and vehicle identification number; and

34 4. A certification that:

35 a. The insurance company (i) has acquired the vehicle through the claims process; (ii) is unable to
36 obtain the assigned title or salvage certificate for the vehicle from the insured; and (iii) has determined the
37 vehicle to be a nonrepairable vehicle;

38 b. Any lien recorded on this title at the time the insurance company acquired the vehicle has been
39 satisfied as a result of the claims process and released by the lien holder; and

40 c. The insurance company, or authorized agent of the insurance company, is selling the vehicle,
41 either directly or through a salvage pool, to a demolisher, salvage dealer, or scrap metal processor solely
42 for the purpose or recycling parts, dismantling, demolishing, or utilizing for scrap.

43 B. Upon receipt of the information required in subsection A, the Department shall update its
44 records in accordance with subsection D of § 46.2-1603.2 and electronically deliver to the insurance
45 company, or the authorized agent of the insurance company who filed the information in subsection A, if
46 any, a nonrepairable certificate for the vehicle.

47 C. The insurance company, or authorized agent of the insurance company, shall provide the
48 purchaser of the vehicle with the nonrepairable certificate and a bill of sale for each vehicle processed
49 through subsection A. Delivery of such nonrepairable certificate and bill of sale to the purchaser may be
50 through electronic means.

51 D. Each purchaser of a vehicle for which a nonrepairable certificate has been issued pursuant to
52 subsection A shall comply with the notification requirements of subsection B of § 46.2-1608.2 and all
53 applicable recordkeeping requirements of this chapter.

54 **§ 46.2-1603.2. Owner may declare vehicle nonrepairable; insurance company required to**
55 **obtain a nonrepairable certificate; applicability of certain other laws to nonrepairable certificates;**
56 **titling and registration of nonrepairable vehicle prohibited.**

57 A. The owner of any vehicle titled in the Commonwealth may declare such vehicle to be a
58 nonrepairable vehicle by applying to the Department for a nonrepairable certificate. The application shall
59 be accompanied by the vehicle's title certificate or salvage certificate.

60 B. Every insurance company or its authorized agent shall apply to the Department and obtain a
61 nonrepairable certificate for each vehicle acquired by the insurance company as a result of the claims
62 process if such vehicle is titled in the Commonwealth and is (i) a late model nonrepairable vehicle or (ii)
63 a stolen vehicle that has been recovered and determined to be a nonrepairable vehicle. ~~The~~ Except as
64 provided in § 46.2-1602.3, the application shall be accompanied by the vehicle's title certificate or salvage
65 certificate. Application for the nonrepairable certificate shall be made within 15 days after payment has
66 been made to the owner, lienholder, or both.

67 C. Every insurance company or its authorized agent shall notify the Department of each late model
68 vehicle titled in the Commonwealth upon which a claim has been paid if such vehicle is a nonrepairable
69 vehicle that is retained by its owner.

70 D. The Department, upon receipt of an application for a nonrepairable certificate for a vehicle
71 titled in the Commonwealth, or upon receipt of notification from an insurance company or its authorized
72 agent as provided in subsection C of this section that a vehicle registered in the Commonwealth has
73 become a nonrepairable vehicle, shall cause the title of such vehicle to be cancelled and a nonrepairable
74 certificate issued to the vehicle's owner.

75 There shall be no fee for the issuance of a nonrepairable certificate. All provisions of this Code
76 applicable to a motor vehicle certificate of title shall apply, mutatis mutandis, to a nonrepairable certificate,
77 except that no registration or license plates shall be issued for the vehicle described in a nonrepairable
78 certificate. Except as otherwise provided in this chapter, no vehicle for which a nonrepairable certificate
79 has been issued shall ever be titled or registered for use on the highways in the Commonwealth.

80 E. The Department, upon receipt of a title, salvage certificate, or other ownership document from
81 a licensed salvage dealer or demolisher pursuant to subdivision A 1 of § 46.2-1603.1, shall cause the title,
82 salvage certificate, or other ownership document to such vehicle to be cancelled and a nonrepairable
83 certificate issued to the vehicle's owner.

84 F. For purposes of this chapter, any vehicle for which a brand or indicator has been issued by
85 another state as reported to the National Motor Vehicle Title Information System or has been printed or
86 stamped on the vehicle's out-of-state title or other document proving ownership issued by that state
87 identifying such vehicle as "junk," "for destruction," "for parts only," "not to be repaired," or other similar
88 designation shall be deemed to have been issued a nonrepairable certificate by that state.

89 **§ 46.2-1608.2. Licensees to update records of the Department for motor vehicles that are to**
90 **be demolished or dismantled.**

91 A. A licensed auto recycler may be exempted from the waiting period in subsection B of § 46.2-
92 1608.1 by:

93 1. Entering into a contractual agreement with the Department to update records of motor vehicles
94 to be demolished or dismantled if such motor vehicles either have ~~either~~ been issued a certificate of title,
95 salvage certificate, or nonrepairable certificate in the Commonwealth or are titled in another state. In
96 addition to the contractual agreement, the licensed auto recycler shall be required to comply with the
97 Department's procedures for securely accessing and updating the Department's records; and

98 2. Notifying the Department that a motor vehicle is being demolished or dismantled or of the
99 intention to demolish, dismantle, or reduce the motor vehicle to a state where it can no longer be
100 considered a motor vehicle. Licensed auto recyclers shall electronically notify the Department of the
101 demolished or dismantled vehicle's certificate of title, salvage certificate, or nonrepairable certificate
102 number and vehicle identification number.

103 B. Licensed auto recyclers in possession of the certificate of title, salvage certificate, or
104 nonrepairable certificate from the Commonwealth may demolish or dismantle the subject motor vehicle.
105 Licensed auto recyclers shall electronically notify the Department in a manner prescribed by the
106 Commissioner of the demolished or dismantled vehicle's certificate of title, salvage certificate, or

107 nonrepairable certificate number and vehicle identification number within required time frames pursuant
108 to subsection D of § 46.2-1603.1.

109 C. Licensed auto recyclers in possession of a certificate of title issued by another state may
110 demolish or dismantle the subject motor vehicle. Licensed auto recyclers shall electronically notify the
111 Department of the demolished or dismantled vehicle's certificate of title number, vehicle identification
112 number, year, make, and model within required time frames pursuant to subsection D of § 46.2-1603.1.

113 D. Licensed auto recyclers that do not possess a certificate of title, salvage certificate, or
114 nonrepairable certificate may demolish the subject motor vehicle if the motor vehicle is a model year that
115 is at least 10 years older than the current model year. The licensed auto recycler shall provide electronically
116 to the Department the vehicle identification number and the year, make, and model of the motor vehicle
117 and shall remit to the Department the fees set out in § 46.2-627 and an additional \$10 transaction fee.
118 Upon receipt of such notification, the Department shall check the records of nationally recognized
119 databases. The licensed auto recycler may not demolish or dismantle the vehicle until the Department has
120 notified the licensed auto recycler of the results of that inquiry. If a licensed auto recycler is not in
121 possession of the certificate of title, salvage certificate, or nonrepairable certificate and the subject motor
122 vehicle is of the current model year or of a model year that is nine years old or less, that vehicle shall be
123 processed in accordance with § 46.2-1202.

124 E. Nothing in this section shall release a licensed auto recycler from complying with the provisions
125 of §§ 46.2-1603.1, 46.2-1608, and 46.2-1608.1.

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