

## Senate Bill No. 2076

### CHAPTER 826

An act to amend Section 11515 of, and to add Section 11568 to, the Vehicle Code, relating to vehicles.

[Approved by Governor September 23, 2002. Filed with Secretary of State September 23, 2002.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 2076, Bowen. Vehicles.

Existing law requires the Department of Motor Vehicles to accept an endorsed salvage certificate for a total loss salvage vehicle, as defined, prior to its sale or disposal in lieu of the certificate of ownership or other evidence of ownership when accompanied by an application and other documents and fees. The salvage certificate, except as specified, must include a statement that the seller and any subsequent sellers are required to disclose to the purchaser at, or prior to, the time of sale that the vehicle has been declared a total loss salvage vehicle. A seller who fails to make the disclosure is subject to a specified civil penalty. Existing law provides that the disclosure requirement is satisfied if the seller obtains a properly endorsed salvage certificate and delivers it to the purchaser within 10 days or prominently posts a sign at his or her place of business stating that the seller sells total loss salvage vehicles. Existing law also provides that this disclosure requirement does not apply to a financial institution, leasing company, occupational licensee of the Department of Motor Vehicles, an insurer, or a self-insurer.

This bill would eliminate the provisions for satisfying the disclosure requirement by posting a sign stating that the seller sells total loss salvage vehicles. This bill would also remove the exceptions for certain types of institutions.

This bill would also provide for the addition to the Vehicle Code of a section with provisions comparable to those discussed above to become operative only if this bill and SB 1743 are both enacted and this bill is enacted last.

*The people of the State of California do enact as follows:*

SECTION 1. Section 11515 of the Vehicle Code is amended to read:  
11515. (a) Whenever an insurance company makes a total loss settlement on a total loss salvage vehicle, the insurance company, an occupational licensee of the department authorized by the insurance

company, or a salvage pool authorized by the insurance company, shall, within 10 days from the settlement of the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee, to the department. An occupational licensee of the department may submit a certificate of license plate destruction in lieu of the actual license plate. The department, upon receipt of the certificate of ownership or other evidence of title, the license plates, and the three-dollar (\$3) fee, shall issue a salvage certificate for the vehicle.

(b) Whenever the owner of a total loss salvage vehicle retains possession of the vehicle, the insurance company shall notify the department of the retention on a form prescribed by the department. The insurance company shall also notify the insured or owner of the insured's or owner's responsibility to comply with this subdivision. The owner shall, within 10 days from the settlement of the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee to the department. The department, upon receipt of the certificate of ownership or other evidence of title, the license plates, and the three-dollar (\$3) fee, shall issue a salvage certificate for the vehicle.

(c) Whenever a total loss salvage vehicle is not the subject of an insurance settlement, the owner shall, within 10 days from the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee to the department.

(d) Whenever a total loss salvage vehicle is not the subject of an insurance settlement, a self-insurer, as defined in Section 16052, shall, within 10 days from the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee to the department.

(e) Prior to sale or disposal of a total loss salvage vehicle, the owner, owner's agent, or salvage pool, shall obtain a properly endorsed salvage certificate and deliver it to the purchaser within 10 days after payment in full for the salvage vehicle and shall also comply with Section 5900. The department shall accept the endorsed salvage certificate in lieu of the certificate of ownership or other evidence of ownership when accompanied by an application and other documents and fees, including, but not limited to, the fees required by Section 9265, as may be required by the department.

(f) This section does not apply to a vehicle which has been driven or taken without the consent of the owner thereof, until the vehicle has been



recovered by the owner and only if the vehicle is a total loss salvage vehicle.

(g) A violation of subdivision (a), (b), (d), or (e) is a misdemeanor, pursuant to Section 40000.11. Notwithstanding Section 40000.11, a violation of subdivision (c) is an infraction, except that, if committed with intent to defraud, a violation of subdivision (c) is a misdemeanor.

(h) (1) A salvage certificate issued under this section shall include a statement that the seller and any subsequent sellers that transfer ownership of a total loss vehicle pursuant to a properly endorsed salvage certificate are required to disclose to the purchaser at, or prior to, the time of sale that the vehicle has been declared a total loss salvage vehicle.

(2) Effective on and after the department includes in the salvage certificate form the statement described in paragraph (1), a seller who fails to make the disclosure described in paragraph (1) shall be subject to a civil penalty of not more than five hundred dollars (\$500).

(3) Nothing in this subdivision affects any other civil remedy provided by law, including, but not limited to, punitive damages.

SEC. 2. Section 11568 is added to the Vehicle Code, to read:

11568. (a) Whenever an insurer makes a total loss settlement on a total loss salvage vehicle, the insurer or a dealer, automobile dismantler, or salvage pool authorized by the insurer, shall, within 10 days from the settlement of the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee, to the department. A dealer, automobile dismantler, or salvage pool licensed by the department may submit a certificate of license plate destruction in lieu of the actual license plate. The department, upon receipt of the certificate of ownership or other evidence of title, the license plates, and the three-dollar (\$3) fee, shall issue a salvage certificate for the vehicle.

(b) Whenever the owner of a total loss salvage vehicle enters into a settlement with the insurer responsible for paying for the damage and the owner retains possession of the vehicle, the insurer shall notify the department of the retention on a form prescribed by the department. The insurer shall also notify the insured or owner of the insured's or owner's responsibility to comply with this subdivision. The owner shall, within 10 days from the settlement of the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee to the department. The department, upon receipt of the certificate of ownership or other evidence of title, the license plates, and the three-dollar (\$3) fee, shall issue a salvage certificate for the vehicle.

(c) Whenever a total loss salvage vehicle is not the subject of an insurance settlement, the owner shall, within 10 days from the loss,



forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee to the department.

(d) Whenever a total loss salvage vehicle is not the subject of an insurance settlement, a self-insurer, as defined in Section 16052, shall, within 10 days from the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a three-dollar (\$3) fee to the department.

(e) Prior to sale or disposal of a total loss salvage vehicle, the owner, owner's agent, or salvage pool, shall obtain a properly endorsed salvage certificate and deliver it to the purchaser within 10 days after payment in full for the salvage vehicle and shall also comply with Section 5900. The department shall accept the endorsed salvage certificate in lieu of the certificate of ownership or other evidence of ownership when accompanied by an application and other documents and fees, including, but not limited to, the fees required by Section 9265, as may be required by the department.

(f) This section does not apply to a vehicle which has been driven or taken without the consent of the owner thereof, until the vehicle has been recovered by the owner and only if the vehicle is a total loss salvage vehicle.

(g) A violation of subdivision (a), (b), (d), or (e) is a misdemeanor, pursuant to Section 40000.11. Notwithstanding Section 40000.11, a violation of subdivision (c) is an infraction, except that, if committed with intent to defraud, a violation of subdivision (c) is a misdemeanor.

(h) (1) A salvage certificate issued under this section shall include a statement that the seller and any subsequent sellers that transfer ownership of a total loss vehicle pursuant to a properly endorsed salvage certificate are required to disclose to the purchaser at, or prior to, the time of sale that the vehicle has been declared a total loss salvage vehicle.

(2) Effective on and after the department includes in the salvage certificate form the statement described in paragraph (1), a seller who fails to make the disclosure described in paragraph (1) shall be subject to a civil penalty of not more than five hundred dollars (\$500).

(3) Nothing in this subdivision affects any other civil remedy provided by law, including, but not limited to, punitive damages.

SEC. 3. Section 2 of this bill adds Section 11568 to the Vehicle Code. It shall only become operative if (1) this bill and SB 1743 are enacted and become effective on or before January 1, 2003, (2) each bill



adds Section 11568 to the Vehicle Code, and (3) this bill is enacted after SB 1743, in which case Section 1 of this bill shall not become operative.

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