

HB

270

HD1

A BILL FOR AN ACT

RELATING TO REBUILT VEHICLES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that existing laws
2 inhibit insurers' ability to push a rebuilt or salvage title
3 when a total loss is retained by the insured for a flooded
4 vehicle. Current cars have a significant amount of electronic
5 devices installed throughout the vehicle and are highly
6 vulnerable to flood damage, particularly if salt water is
7 involved. Such vehicles should have a branded title to warn
8 potential subsequent purchasers.

9 Accordingly, the purpose of this Act is to expand the
10 definition of "rebuilt vehicle" to include motor vehicles that
11 have been rebuilt after flood damage and material damage to the
12 vehicle's electronics.

13 SECTION 2. Section 286-2, Hawaii Revised Statutes, is
14 amended by amending the definition of "rebuilt vehicle" to read
15 as follows:

16 "Rebuilt vehicle" means any vehicle which has been
17 declared a total loss by an insurer and has been rebuilt or



1 repaired to operate on public highways. For the purpose of this
2 definition, a vehicle is a total loss only if there is material
3 damage, including flood damage, to the vehicle's electronics,
4 frame, unitized structure, or suspension system, and the
5 projected cost of repairing the damage exceeds the market value
6 of the vehicle at the time of the incident causing it to be
7 declared a total loss."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 3000.



Report Title:

Rebuilt Vehicle; Flood Damage; Electronics

Description:

Expands the definition of "rebuilt vehicle" to include vehicles that have been rebuilt after flood damage and material damage to the vehicle's electronics. (HB270 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



Hawaii State Legislature
House Committee on Consumer Protection and Commerce
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

February 18, 2019

Filed via electronic testimony submission system

RE: HB 270, HD1, Relating to Rebuilt Vehicles – NAMIC’s written testimony in support

Dear Representative Takumi, Chair; Representative Ichiyama, Vice-Chair; and honorable committee members:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 20, 2019, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation. NAMIC’s written comments need not be read into the record, so long as they are referenced as a formal submission and are provided to the committee for consideration.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country’s largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 84 members who write property/casualty/workers’ compensation in the State of Hawaii, which represents 28% of the insurance marketplace.

NAMIC and its members support accuracy in motor vehicle title branding and pro-consumer protection disclosures. Current Hawaii law does not require a motor vehicle that has sustained significant flood related damage and subsequently declared a total loss to be branded in a way that provides this important consumer protection information to the consumer. The current definition of “rebuilt title” does not include flood damage, or damage to a car’s electronics within the definition of “total loss”.

HB 270, HD 1 would amend and modernize current law to reflect this cause of motor vehicle total losses by specifically adding “flood” and damage “to vehicle’s electronics” to the definition of “total loss” for motor vehicle titling purposes. We fully support this important consumer protection and safety issue, especially since it is a risk in the state of Hawaii because of severe weather that causes vehicle flood damage.

For the aforementioned reasons, NAMIC respectfully requests a **YES VOTE on HB 270-HD1**.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC’s written testimony.

Respectfully,



Christian John Rataj, Esq.
NAMIC Senior Regional Vice President
State Government Affairs, Western Region

**HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE**

February 20, 2019

House Bill 270, HD1 Relating to Rebuilt Vehicles

Chair Takumi, Vice-Chair Ichiyama, members of the House Committee on Consumer Protection and Commerce, I am Rick Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm). State Farm offers these comments about HB 270, HD1 Relating to Rebuilt Vehicles, and more specifically, including Flood and Electronics Damage in the definition of “total loss” for the purposes of determining whether a vehicle should have a “rebuilt title.”

Under current law, a vehicle that is declared a total loss can only be subject to a branded “rebuilt vehicle” title if there is material damage to its “frame, unitized structure, or suspension system,” and the cost to repair is greater than the vehicle’s market value. When an auto insurer makes this determination, and the car is subsequently rebuilt, it must be branded with a “rebuilt title,” which warns future purchasers that the car has been declared a total loss and might have hidden defects that could affect its safe operation.

Unfortunately, Hawaii law does not require a car that has sustained significant flood damage and likewise declared a total loss to be similarly branded. This is because the current definition does not include flood damage, or damage to a car’s electronics within the definition of “total loss” for the purposes of labeling it with a “rebuilt title.” Although this might have made some sense in the early 1990’s when the statute was last amended, today’s cars have increased electronics, and a flooded vehicle, particularly one damaged by salt water, should have a branded title if it is rebuilt to warn subsequent purchasers.

HB 270, HD1 corrects this oversight by specifically adding “flood” and damage “to [a] vehicle’s electronics” to the definition of “total loss” for titling purposes. This is both a consumer protection and safety issue, and is particularly relevant in Hawaii where severe storms can and do cause vehicle flood damage.

Thank you for the opportunity to present this testimony.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII
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House Committee on Consumer Protection and Commerce
Room 329 State Capitol
Wednesday, February 20, 2018 2:00 pm

HB 270 - RELATING TO Rebuilt Vehicles.

Chair Takumi and Members of the Committees:

My name is Timothy M. Dayton, General Manager of GEICO's Hawaii branch. GEICO is Hawaii's largest auto insurer. **GEICO supports House Bill Number 270.** House Bill 270 would expand the definition of "rebuilt vehicle" to include motor vehicles that have been settled as a total loss after flood damage and material damage to the vehicle's electronics.

GEICO agrees that a total loss due to flood damage should be given a salvage title, and we agree with current law that a total loss due to safety damage should be given a salvage title. It is GEICO's policy nationwide as a consumer protection to put a salvage title on such vehicles that are a total loss damaged by flood.

GEICO appreciates the opportunity to present our testimony and your consideration of this testimony. **We respectfully urge the Committee to pass House Bill 270.**

Sincerely,

Timothy M. Dayton, CPCU

HB-270-HD-1

Submitted on: 2/18/2019 4:16:27 PM

Testimony for CPC on 2/20/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin J. Cole	Individual	Oppose	No

Comments:

Aloha,

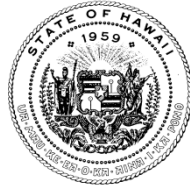
I am opposed to HB270. Although the intention of this Bill is noble, it in fact criminalizes those who are the actual victim of the crime in question. No responsible firearms owner would knowingly fail to report such an incident. HB270 makes the firearms owner a de facto co-perpetrator. We all recognize the necessity of keeping firearms away from criminals. However, criminalizing law abiding citizens is not the way to go.

Mahalo,

Kevin J. Cole, Col USAF (Ret)

Mililani, HI

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
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EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
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February 20, 2019
2:00 p.m.
State Capitol, Room 329

H.B. 270, H.D.1
RELATING TO REBUILT VEHICLES

House Committee on Consumer Protection & Commerce

The Department of Transportation (DOT) supports this bill.

DOT agrees that vehicles with flood damage to the electronic system such that the vehicle was considered a total loss should be branded so that buyers are warned about the situation prior to making a purchase.

Thank you for the opportunity to provide testimony.



John Uekawa, President
Dave Rolf, Executive Director

HADA TESTIMONY WITH COMMENTS
ON HB270 HD1

RELATING TO REBUILT VEHICLES

Presented to the House Committee on Consumer Protection & Commerce
At the Public Hearing, 2 p.m. Wednesday, February 20, 2019
Conference Room 329, Hawaii State Capitol

Chair Takumi, Vice Chair Ichiyama and members of the committee:

This bill seeks to expand the definition of “rebuilt vehicle” to include vehicles that have been rebuilt after flood damage and material damage to the vehicle’s electronics.

Hawaii law requires a salvage car to be rebuilt by an authorized salvage mechanic instead of letting owners do the work themselves.

According to information we have received, the Honolulu DMV currently brands titles flood damaged vehicles with the term “Salvage Title” along with the notation(s) relating to “flood damage to ignition system, steering column and possible wiring... along with the notation economic total loss.”

This bill seems to seek inclusion of such vehicles under the term “Rebuilt Vehicle.”

Many car experts point out that a flood damaged vehicle can be repaired by an experienced mechanic, but those who comment on the repair process often don’t include the ability to successfully repair salt water damaged vehicles.

There were many other questions about this process that remained unanswered.

We caution the committee about moving forward with this measure until questions about water damage to a car’s electronics are fully addressed, especially with regard to salt water damage.

Respectfully submitted,

David H. Rolf

For the Members of the Hawaii Automobile Dealers Association

