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# A BILL FOR AN ACT

RELATING TO MOTOR VEHICLES.

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

1           SECTION 1. The legislature finds that abandoned vehicles  
2 are unnecessarily accumulating at salvage facilities as a result  
3 of owners filing claims with insurance companies and then  
4 abandoning the motor vehicle without completing a title  
5 transfer. The legislature further finds that in some instances  
6 the insurance claim has been paid to the owner, yet the title  
7 has not been transferred and the motor vehicle is abandoned at  
8 the salvage facilities without any process available to the  
9 salvage facility to transfer title to the vehicle. Without the  
10 means to transfer title to these abandoned vehicles, the  
11 vehicles remain at the salvage facilities depreciating in value  
12 and occupying much needed space.

13           The purpose of this Act is to allow the county directors of  
14 finance, under specified circumstances, to issue certificates of  
15 ownership and salvage certificates to facilitate the disposition  
16 of abandoned vehicles in the State.



1 SECTION 2. Section 286-48, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§286-48 Certificates of ownership [~~of~~]; salvage  
4 certificates; insurance; dealers; salvaged motor vehicles. (a)  
5 Whenever a motor vehicle subject to registration under this part  
6 is sold as salvage or conveyed to an insurance company, in the  
7 ordinary course of business or as the result of a total loss  
8 insurance settlement where the insurance company receives the  
9 certificates of registration and ownership, the purchaser or, if  
10 an insurance company its authorized agent, shall within ten days  
11 from the purchase, or the settlement of the insurance loss,  
12 forward the motor vehicle's endorsed certificate of ownership or  
13 other evidence of title, certificate of registration, license  
14 plates, and an application for a salvage certificate as provided  
15 for in section 286-44.5, to the director of finance. Upon  
16 receipt of the certificate of ownership or other evidence of  
17 title, the prescribed affidavit, and application for a salvage  
18 certificate, the director of finance shall issue a salvage  
19 certificate in the name of the purchaser or insurance company.

20 (b) If the certificate of registration or one or both  
21 license plates are lost, an affidavit, duly notarized and signed



1 by the party responsible for the compliance of this section  
2 stating that the party has no knowledge of the location of the  
3 certificate of registration or the license plates, shall be  
4 filed with the director of finance of the county having  
5 jurisdiction over the motor vehicle. In any event, the  
6 certificate of ownership or other evidence of title shall be  
7 forwarded to the director of finance. [~~(b)~~] Upon receipt of the  
8 certificate of [~~ownership, certificate of registration, license~~  
9 ~~plates,~~] ownership or other evidence of title, the prescribed  
10 affidavit, and application for a salvage certificate, the  
11 director of finance shall issue a salvage certificate in the  
12 name of the purchaser or insurance company.

13 (c) In cases involving a claim with an insurance company,  
14 if the legal or registered owner of the motor vehicle fails to  
15 provide or assign the motor vehicle's endorsed certificate of  
16 ownership to the insurance company within thirty days after the  
17 payment of the claim, the insurance company may, at any time  
18 thereafter, forward an application for a certificate of  
19 ownership or a salvage certificate to the director of finance of  
20 the county having jurisdiction over the motor vehicle. The  
21 director of finance shall issue a certificate of ownership or



1 salvage certificate to the insurance company for the vehicle  
2 upon receipt of:

3       (1) The application;

4       (2) Proof of payment of the claim, which shall be:

5           (A) In the case of payment by check, either a copy of  
6               the front and back of the endorsed check or  
7               evidence that the check has cleared the account  
8               of the payor; or

9           (B) In the case of payment by electronic transfer,  
10           evidence that the payment was charged to the  
11           account of the payor;

12       (3) Proof of notice sent to the legal or registered owner  
13       of the motor vehicle by certified mail, by other  
14       commercially available service, or by electronic means  
15       requesting the properly endorsed certificate of  
16       ownership or any documentation necessary to effect the  
17       proper assignment of the certificate of ownership for  
18       the motor vehicle; and

19       (4) Proof that the notice, pursuant to paragraph (3), was  
20       received or returned as undeliverable, if applicable.



1       The issuance of the certificate of ownership or salvage  
2 certificate by the director of finance, pursuant to this  
3 subsection, shall extinguish all liens against the motor  
4 vehicle. The insurance company shall indemnify and hold  
5 harmless the director of finance from all liability, civil and  
6 criminal, resulting from the issuance of the certificate of  
7 ownership or salvage certificate to the insurance company  
8 pursuant to this subsection.

9       ~~(e)~~ (d) Upon resale of the salvage vehicle, the seller  
10 or, if the seller is an insurance company, its authorized agent  
11 shall transfer the salvage certificate and issue a bill of sale  
12 to the purchaser which shall be on a form prescribed by the  
13 director of finance. The seller shall notify the purchaser, in  
14 writing, of the requirements of this chapter regarding the  
15 recertification of salvage vehicles. The seller shall sell the  
16 salvage vehicle only to a person licensed pursuant to chapter  
17 437B, sections 289-4, or 445-232, or any person who executes an  
18 affidavit which states whether or not the salvage vehicle would  
19 be used to construct a rebuilt vehicle as defined in section  
20 286-2 and that if the salvage vehicle is to be rebuilt, the



1 purchaser will register the rebuilt vehicle as required by this  
2 chapter.

3       ~~(d)~~ (e) In the event the salvage vehicle is rebuilt so  
4 as to be capable of again operating on the highways of this  
5 State, the motor vehicle shall not be licensed for such  
6 operation, nor shall the ownership thereof be transferred until  
7 there is submitted to the director of finance:

8       (1) The prescribed bill of sale;

9       (2) An appropriate application for registration of the  
10 rebuilt or restored motor vehicle along with the  
11 salvage certificate and a certificate of inspection  
12 signed by the registered or certified motor vehicle  
13 repair dealer who is bonded as required by section  
14 437B-26, and who rebuilt the vehicle, attesting that  
15 the original recognized vehicle manufacturer's  
16 established repair procedures or specifications and  
17 allowable tolerances for the particular model and year  
18 were utilized and adhered to; and

19       (3) Any other document and fee required by the director of  
20 finance.



1 The counties may, by ordinance, establish the fee to be charged  
2 for the inspection of rebuilt motor vehicles.

3 ~~[(e)]~~ (f) Whenever a certificate of registration and  
4 certificate of ownership is issued for a motor vehicle with  
5 respect to which a salvage certificate has been previously  
6 issued, the new certificates shall conform to the requirements  
7 of section 286-47 and:

8 (1) Bear the words "Rebuilt Vehicle"; and

9 (2) Appear in such a manner as to distinguish them from  
10 the certificate of registration and certificate of  
11 ownership for motor vehicles other than rebuilt or  
12 restored motor vehicles.

13 ~~[(f)]~~ (g) In the event a total loss insurance settlement  
14 between an insurance company and its insured or a claimant for  
15 property damage caused by its insured results in the retention  
16 of the salvage vehicle by the insured or claimant, as the case  
17 may be, then in such event, the insurance company or its  
18 authorized agent shall notify, within ten days from the date of  
19 settlement, the director of finance of such retention by its  
20 insured or claimant, as the case may be, and shall notify its  
21 insured, or claimant as the case may be, in writing, of the



1 requirements of this chapter regarding the recertification of  
2 salvage vehicles. The notification shall be on a form  
3 prescribed by the director of finance.

4 (h) Notwithstanding any provision of law to the contrary,  
5 the provisions of this subsection shall govern the disposition  
6 and title to a motor vehicle described herein. In the event an  
7 insurance company requests a licensed dealer, whose primary  
8 business is to auction insurance salvage motor vehicles, to take  
9 possession of a motor vehicle that is the subject of an  
10 insurance claim and the insurance company subsequently fails to  
11 take ownership of the motor vehicle, the insurance company may  
12 direct the dealer to release the motor vehicle to the legal or  
13 registered owner. The dealer shall send at least two notices to  
14 the legal and registered owner of the motor vehicle, at the  
15 address shown in the records of the motor vehicle licensing  
16 division. The initial notice shall inform the legal and  
17 registered owner that the motor vehicle is available for  
18 retrieval, the vehicle must be retrieved within thirty days  
19 after the second notice, and the owner shall pay any applicable  
20 charges owed to the dealer prior to the motor vehicle being  
21 retrieved. The notices required under this subsection shall be





1 sent by certified mail or another courier that provides proof of  
2 delivery to the addresses shown in the records of the motor  
3 vehicle licensing division. In the event the legal or  
4 registered owner of the motor vehicle fails to retrieve the  
5 motor vehicle pursuant to this subsection, the motor vehicle  
6 shall be deemed abandoned and the motor vehicle's certificate of  
7 ownership shall be deemed assigned to the dealer. The dealer,  
8 without surrendering the certificate of ownership, may request  
9 the director of finance to send the dealer a certificate of  
10 ownership or salvage certificate for the motor vehicle in the  
11 name of the dealer; provided that the request shall include an  
12 affidavit by the dealer that the dealer provided notice to the  
13 legal and registered owners pursuant to this subsection.  
14 Notwithstanding any outstanding liens against the motor vehicle,  
15 the director of finance shall send the dealer a certificate of  
16 ownership or salvage certificate, as applicable, for the motor  
17 vehicle in the name of the dealer. The issuance of the  
18 certificate of title or salvage certificate by the director of  
19 finance shall extinguish all existing liens against the motor  
20 vehicle."



# H.B. NO. 1808

1           SECTION 3. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun before its effective date.

4           SECTION 4. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6           SECTION 5. This Act shall take effect upon its approval.

7

INTRODUCED BY:                     *B. Stale*                    

JAN 16 2020



# H.B. NO. 1808

**Report Title:**

Salvaged Motor Vehicles; Salvage Certificates; Insurance

**Description:**

Addresses the disposition of salvaged motor vehicles by authorizing the county directors of finance to issue certificates of ownership and salvage certificate to expedite the disposal of the vehicles under specified circumstances.

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

