
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, certificate of registration, license plates, and
18 application for a salvage certificate, the director of finance
19 shall issue a salvage certificate in the name of the purchaser
20 or insurance company.



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

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



1 the county having jurisdiction over the motor vehicle. The
2 director of finance shall issue a certificate of ownership or
3 salvage certificate to the insurance company for the vehicle
4 upon receipt of:

5 (1) The application;

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

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

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

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



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

3 The issuance of the certificate of ownership or salvage
4 certificate by the director of finance, pursuant to this
5 subsection, shall extinguish all liens against the motor
6 vehicle.

7 The insurance company shall indemnify and hold harmless the
8 director of finance from all civil liability resulting from the
9 issuance of the certificate of ownership or salvage certificate
10 to the insurance company pursuant to this subsection, except if
11 the civil liability is based on the gross negligence or wilful
12 misconduct of the director of finance or the director's agent.

13 [~~e~~] (d) Upon resale of the salvage vehicle, the seller
14 or, if the seller is an insurance company, its authorized agent
15 shall transfer the salvage certificate and issue a bill of sale
16 to the purchaser which shall be on a form prescribed by the
17 director of finance. The seller shall notify the purchaser, in
18 writing, of the requirements of this chapter regarding the
19 recertification of salvage vehicles. The seller shall sell the
20 salvage vehicle only to a person licensed pursuant to chapter
21 437B, sections 289-4, or 445-232, or any person who executes an



1 affidavit which states whether or not the salvage vehicle would
2 be used to construct a rebuilt vehicle as defined in section
3 286-2 and that if the salvage vehicle is to be rebuilt, the
4 purchaser will register the rebuilt vehicle as required by this
5 chapter.

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

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



1 (3) Any other document and fee required by the director of
2 finance.

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

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

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

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

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



1 insured or claimant, as the case may be, and shall notify its
2 insured, or claimant as the case may be, in writing, of the
3 requirements of this chapter regarding the recertification of
4 salvage vehicles. The notification shall be on a form
5 prescribed by the director of finance.

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



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



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 on July 1, 2050.



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. Effective 7/1/2050. (HD2)

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