
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 [e]f; 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 stating that the party has no knowledge of the location of the
5 certificate of registration or the license plates, shall be
6 filed with the director of finance of the county having
7 jurisdiction over the motor vehicle. In any event, the
8 certificate of ownership or other evidence of title shall be
9 forwarded to the director of finance[-

10 ~~(b)]~~. Upon receipt of the certificate of [~~ownership,~~
11 ~~certificate of registration, license plates,~~] ownership or other
12 evidence of title, the prescribed affidavit, and application for
13 a salvage certificate, the director of finance shall issue a
14 salvage certificate in the name of the purchaser or insurance
15 company.

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



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

- 6 (1) The application;
- 7 (2) Proof of payment of the claim, which shall be:
 - 8 (A) In the case of payment by check, either a copy of
9 the front and back of the endorsed check or
10 evidence that the check has cleared the account
11 of the payor; or
 - 12 (B) In the case of payment by electronic transfer,
13 evidence that the payment was charged to the
14 account of the payor;
- 15 (3) Proof of notice sent to the legal and registered owner
16 of the motor vehicle by certified mail, by other
17 commercially available service, or by electronic means
18 requesting the properly endorsed certificate of
19 ownership or any documentation necessary to effect the
20 proper assignment of the certificate of ownership for
21 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. The insurance company shall indemnify and hold
7 harmless the director of finance for any claims resulting from
8 the issuance of a salvage certificate of title, stolen vehicle
9 certificate of title, or nonrepairable vehicle certificate of
10 title pursuant to this subsection, except any liability
11 resulting from the gross negligence or wilfull misconduct of the
12 director of finance or the director of finance'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) Notwithstanding any provision of law to the contrary,
7 the provisions of this subsection shall govern the disposition
8 and title to a motor vehicle described herein. In the event an
9 insurance company requests a licensed dealer, whose primary
10 business is to auction insurance salvage motor vehicles, to take
11 possession of a motor vehicle that is the subject of an
12 insurance claim and the insurance company subsequently fails to
13 take ownership of the motor vehicle, the insurance company may
14 direct the dealer to release the motor vehicle to the legal or
15 registered owner. The dealer shall send at least two notices to
16 the legal and registered owner of the motor vehicle, at the
17 address shown in the records of the vehicle licensing division.
18 The initial notice shall inform the legal and registered owner
19 that the motor vehicle is available for retrieval, the vehicle
20 must be retrieved within thirty days after the second notice,
21 and the owner shall pay any applicable charges owed to the



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



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.
(SD1)

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