

STAND. COM. REP. NO. **2951**

Honolulu, Hawaii

FEB 27 2020

RE: S.B. No. 2434
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Judiciary, to which was referred S.B. No. 2434 entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLES,"

beg leave to report as follows:

The purpose and intent of this measure is to address the disposition of salvaged motor vehicles by authorizing the county directors of finance to issue certificates of ownership and salvage certificates to expedite the disposal of vehicles, under specified circumstances.

Your Committees received testimony in support of this measure from the Hawaii Insurers Council; Insurance Auto Auctions, Inc.; and one individual. Your Committees received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committees find that automobile insurers process thousands of total loss claims in Hawaii each year. For the vast majority of those claims, after the total loss settlement is paid to the vehicle owner and any lienholder, the certificate of title for the vehicle is available to the insurer and further titling can be handled in accordance with existing state law. However, there are occasions when, even though the insurer has paid the total loss settlement, the certificate of title for the vehicle is not made available to the insurer and, as a result, the vehicle sits in a salvage auction facility, often with no straight-forward



or efficient way to dispose of the vehicle. This measure establishes a process whereby an insurer may obtain a salvage certificate for the vehicle without surrendering the certificate of title to expedite the receipt of an ownership document in their name and execute the salvage laws in a timely manner. This measure also sets forth a process for a salvage auction to dispose of an abandoned vehicle on its property if the owner or lienholder does not remove the vehicle from the salvage auction's facility after due notice has been provided.

Your Committees have amended this measure by:

- (1) Clarifying that upon receipt of the certificate of ownership or other evidence of title, certificate of registration, license plates, and application for a salvage certificate, the director of finance shall issue a salvage certificate in the name of the purchaser or the insurance company;
- (2) Clarifying that the director of finance shall be provided proof that notice was sent to the legal and registered owner of the motor vehicle;
- (3) Clarifying that the insurance company shall indemnify and hold harmless the director of finance for any claims resulting from the issuance of a salvage certificate of title, stolen vehicle certificate of title, or nonrepairable vehicle certificate of title issued pursuant to this measure, except any liability resulting from the gross negligence or wilfull misconduct of the director of finance or the director of finance's agent; and
- (4) Making a technical, nonsubstantive amendment for purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2434, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2434, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and Health
and Judiciary,

Karl Rhoads

KARL RHOADS, Chair

Rosalyn H. Baker

ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary
JDC

Bill / Resolution No.:* SB 2434	Committee Referral: CPH / JDC	Date: 2/21/2020		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)	/			
KEOHOKALOLE, Jarrett (VC)	/			
GABBARD, Mike				/
KIM, Donna Mercado	/			/
FEVELLA, Kurt				
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes