



Background:

Insurance Auto Auctions (IAA) is a licensed salvage pool that handles the sale of damaged and theft-recovered vehicles for the insurance industry. IAA has several Michigan locations and is one of the largest sellers of scrap and salvage vehicles in America.

Automobile insurers process thousands of total loss claims in Michigan each year. For the vast majority of these claims, the total loss settlement is paid to the vehicle owner and any lienholder after the certificate of title for the vehicle is made available to the insurer, thus further titling of the vehicle can be handled in accordance with Michigan 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 properly made available to the insurer. As a result, vehicles sit in salvage auction facilities, often with no straight-forward or efficient way to dispose of them for months.

Proposed Solution:

This language in SB 196 provides a process whereby the insurer may obtain a salvage certificate for the vehicle in situations where the title has not been properly surrendered. With this proposal, insurers would be required to provide notification to the owner or lien holder on at least two separate occasions that requests the proper title or documentation required to transfer ownership. The insurer will then be required to send an application for a salvage certificate to the Secretary of State, along with proof of payment of the claim, a copy of the notices sent to the owner and any known lienholder requesting the certificate of title.

The above process will help insurers expedite the receipt of an ownership document and implements Michigan's salvage laws in a timely manner.

Additionally, the proposal sets forth a process for salvage pools to dispose of an abandoned vehicle on its property if the owner or lienholder does not remove the vehicle from the salvage pool's facility after due notice has been sent. This process would be more efficient than the current process salvage pools follow which involves going through Probate Court.

Representatives from Insurance Auto Auctions have participated in numerous workgroup meetings with legislators, legislative staff, the insurance industry, Secretary of State staff, and the auto dealers association that have resulted in this proposed language.