

**House Bill 1422**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Sections 501.092(a), (c), and (d), Transportation Code, are amended to read as follows:

(a) Except as provided by Section 502.0925, an ~~[An]~~ insurance company that is licensed to conduct business in this state and that acquires, through payment of a claim, ownership or possession of a salvage motor vehicle or nonrepairable motor vehicle covered by a certificate of title issued by this state or a manufacturer's certificate of origin shall surrender a properly assigned title or manufacturer's certificate of origin to the department, on a form prescribed by the department; ~~except that not earlier than the 46th day after the date of payment of the claim the insurance company may surrender a certificate of title, on a form prescribed by the department, and receive a salvage certificate of title or a nonrepairable certificate of title without obtaining a properly assigned certificate of title if the insurance company:~~

~~[(1) has obtained the release of all liens on the motor vehicle;~~  
~~[(2) is unable to locate one or more owners of the motor vehicle; and~~

~~[(3) has provided notice to the last known address in the department's records to each owner that has not been located:~~

~~[(A) by registered or certified mail, return receipt requested;~~  
~~or~~

~~[(B) if a notice sent under Paragraph (A) is returned unclaimed, by publication in a newspaper of general circulation in the area where the unclaimed mail notice was sent].~~

(c) An insurance company may not sell a salvage motor vehicle or nonrepairable motor vehicle ~~[to which this section applies]~~ unless the department has issued a salvage vehicle title or a nonrepairable vehicle title, as appropriate, for the motor vehicle or a comparable ownership document has been

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issued by another state or jurisdiction for the motor vehicle.  
(d) An insurance company may sell a salvage motor vehicle or nonrepairable motor vehicle ~~[to which this section applies]~~, or assign a salvage vehicle title or a nonrepairable vehicle title for a [the] motor vehicle, only to a salvage vehicle dealer, an out-of-state buyer, a buyer in a casual sale at auction, a metal recycler, or a used automotive parts recycler. If a [the] motor vehicle is not a salvage motor vehicle or a nonrepairable motor vehicle, the insurance company is not required to surrender the regular certificate of title for the vehicle or to be issued a salvage vehicle title or a nonrepairable vehicle title for the motor vehicle.

SECTION 2. Subchapter E, Chapter 501, Transportation Code, is amended by adding Sections 501.0925 and 501.0935 to read as follows:

Sec. 501.0925. INSURANCE COMPANY NOT REQUIRED TO SURRENDER CERTIFICATES OF TITLE IN CERTAIN SITUATIONS. (a) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a certificate of title that the company is unable to obtain may obtain from the department not earlier than the 30th day after the date of payment of the claim:

- (1) a salvage vehicle title for a salvage motor vehicle;
  - (2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or
  - (3) a regular certificate of title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.
- (b) An application for a title under Subsection (a) must be submitted to the department on a form prescribed by the

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department and include:

(1) a statement that the insurance company has provided at least two written notices attempting to obtain the certificate of title for the motor vehicle; and

(2) evidence acceptable to the department that the insurance company has made payment of a claim involving the motor vehicle.

(c) An insurance company that acquires, through payment of a claim, ownership or possession of a motor vehicle covered by a certificate of title for which the company is unable to obtain proper assignment of the certificate may obtain from the department not earlier than the 30th day after the date of payment of the claim:

(1) a salvage vehicle title for a salvage motor vehicle;

(2) a nonrepairable vehicle title for a nonrepairable motor vehicle; or

(3) a regular certificate of title for a motor vehicle other than a salvage motor vehicle or a nonrepairable motor vehicle.

(d) An application for a title under Subsection (c) must be submitted to the department on a form prescribed by the department and include:

(1) a statement that the insurance company has provided at least two written notices attempting to obtain a proper assignment of the certificate of title; and

(2) the certificate of title.

(e) A title issued under Subsection (a) or (c) must be issued in the name of the insurance company.

(f) An insurance company that acquires, through payment of a claim, ownership or possession of a salvage motor vehicle or nonrepairable motor vehicle covered by an out-of-state ownership document may obtain from the department a salvage vehicle title or nonrepairable vehicle title if:

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(1) the motor vehicle was damaged, stolen, or recovered in this state;

(2) the motor vehicle owner from whom the company acquired ownership resides in this state; or

(3) otherwise allowed by department rule.

(g) A title may be issued under Subsection (f) if the insurance company:

(1) surrenders a properly assigned title on a form prescribed by the department; or

(2) complies with the application process for a title issued under Subsection (a) or (c).

(h) The department shall issue the appropriate title to a person authorized to apply for the title under this section if the department determines that the application is complete and complies with applicable law.

(i) The department by rule may provide that a person required by this section to provide notice may provide the notice electronically, including through the use of e-mail or an interactive website established by the department for that purpose.

(j) Sections 501.092(c), (d), and (e) apply to a motor vehicle acquired by an insurance company as described in Subsection (a), (c), or (f).

(k) The department may adopt rules to implement this section.

Sec. 501.0935. ISSUANCE OF TITLE TO SALVAGE POOL OPERATOR. (a) In this section, "salvage pool operator" has the meaning assigned by Section 2302.001, Occupations Code.

(b) This section applies only to a salvage pool operator who, on request of an insurance company, takes possession of a motor vehicle that is the subject of an insurance claim and the

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insurance company subsequently:

(1) denies coverage with respect to the motor vehicle; or

(2) does not otherwise take ownership of the motor vehicle.

(b-1) An insurance company described by Subsection (b) shall notify the salvage pool operator of the denial of the claim regarding the motor vehicle or other disposition of the motor vehicle. The insurance company must include in the notice the name and address of the owner of the motor vehicle and the lienholder, if any.

(c) Before the 31st day after receiving notice under Subsection (b-1), a salvage pool operator shall notify the owner of the motor vehicle and any lienholder that:

(1) the owner or lienholder must remove the motor vehicle from the salvage pool operator's possession at the location specified in the notice to the owner and any lienholder not later than the 30th day after the date the notice is mailed; and

(2) if the motor vehicle is not removed within the time specified in the notice, the salvage pool operator will sell the motor vehicle and retain from the proceeds any costs actually incurred by the operator in obtaining, handling, and disposing of the motor vehicle as described by Subsection (d).

(d) The salvage pool operator may include in the costs described by Subsection (c)(2) only costs actually incurred by the salvage pool operator that have not been reimbursed by a third party or are not subject to being reimbursed by a third party, such as costs of notices, title searches, and towing and other costs incurred with respect to the motor vehicle. The costs described by Subsection (c)(2):

(1) may not include charges for storage or impoundment of the motor vehicle; and

(2) may be deducted only from the proceeds of a sale of the motor vehicle.

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(e) The notice required of a salvage pool operator under this section must be sent by registered or certified mail, return receipt requested.

(f) If a motor vehicle is not removed from a salvage pool operator's possession before the 31st day after the date notice is mailed to the motor vehicle's owner and any lienholder under Subsection (c), the salvage pool operator may obtain from the department:

(1) a salvage vehicle title for a salvage motor vehicle; or

(2) a nonrepairable vehicle title for a nonrepairable motor vehicle.

(g) An application for a title under Subsection (f) must:

(1) be submitted to the department on a form prescribed by the department; and

(2) include evidence that the notice was mailed as required by Subsection (c) to the motor vehicle owner and any lienholder.

(h) A title issued under this section must be issued in the name of the salvage pool operator.

(i) The department shall issue the appropriate title to a person authorized to apply for the title under this section if the department determines that the application is complete and complies with applicable law.

(j) On receipt of a title under this section, the salvage pool operator shall sell the motor vehicle and retain from the proceeds of the sale the costs incurred by the salvage pool operator as permitted by Subsection (d) along with the cost of titling and selling the motor vehicle. The salvage pool operator shall pay any excess proceeds from the sale to the previous owner of the motor vehicle and the lienholder, if any. The excess proceeds must be mailed to the lienholder.

(k) If the previous owner of the motor vehicle and the lienholder, if any, cannot be identified or located, any excess

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proceeds from the sale of the motor vehicle under Subsection (j) shall escheat to the State of Texas. The proceeds shall be administered by the comptroller and shall be disposed of in the manner provided by Chapter 74, Property Code.

No equivalent provision.

SECTION 3. Sections 501.097(a) and (b), Transportation Code, are amended to read as follows:

- (a) An application for a nonrepairable vehicle title or salvage vehicle title must:
- (1) be made on a form prescribed by the department and accompanied by a \$8 application fee;
  - (2) include, in addition to any other information required by the department:

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SECTION \_\_. Section 501.093(a), Transportation Code, is amended to read as follows:

(a) If an insurance company pays a claim on a nonrepairable motor vehicle or salvage motor vehicle and the insurance company does not acquire ownership of the motor vehicle, the insurance company shall:

(1) submit to the department, before the 31st day after the date of the payment of the claim, on the form prescribed by the department, a report stating that the insurance company:

(A) [~~(1)~~] has paid a claim on the motor vehicle; and

(B) [~~(2)~~] has not acquired ownership of the motor vehicle; and

(2) provide notice to the owner of the motor vehicle of:

(A) the report required under Subdivision (1); and

(B) the requirements for operation or transfer of ownership of the motor vehicle under Subsection (b). [FA1]

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- (A) the name and current address of the owner;
- (B) a description of the motor vehicle, including the make, style of body, model year, and vehicle identification number; and
- (C) a statement describing whether the motor vehicle:
  - (i) was the subject of a total loss claim paid by an insurance company under Section 501.092, 501.0925, or 501.093;
  - (ii) is a self-insured motor vehicle under Section 501.094;
  - (iii) is an export-only motor vehicle under Section 501.099;
  - ~~[(v)]~~
  - (iv) was sold, transferred, or released to the owner or former owner of the motor vehicle or a buyer at a casual sale; or
  - (v) is a motor vehicle for which an insurance company does not take ownership under Section 501.0935; and
- (3) include the name and address of:
  - (A) any currently recorded lienholder, if the motor vehicle is a nonrepairable motor vehicle; or
  - (B) any currently recorded lienholder or a new lienholder, if the motor vehicle is a salvage motor vehicle.
- (b) Except as provided by Sections 501.0925 and 501.0935, on ~~On~~ receipt of a complete application, the properly assigned title or manufacturer's certificate of origin, and the application fee, the department shall, before the sixth business day after the date the department receives the application, issue the applicant the appropriate title for the motor vehicle.

SECTION 4. Section 501.102, Transportation Code, is amended by adding Subsection (f) to read as follows:  
(f) Subsection (c) does not apply to an applicant for a title under Sections 501.0925 and 501.0935.

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SECTION 4. Same as House version.

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SECTION 5. Section 2302.201(a), Occupations Code, is amended to read as follows:

(a) Except as provided by Section 501.0935, Transportation Code, a [A] salvage vehicle dealer who acquires ownership of a salvage motor vehicle from an owner must receive from the owner a properly assigned title.

SECTION 6. The change in law made by this Act to Section 501.102, Transportation Code, applies only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 7. This Act takes effect September 1, 2011.

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SECTION 5. Same as House version.

SECTION 6. Same as House version.

SECTION 7. Same as House version.

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