

House Engrossed

salvage vehicle titles; insurance companies

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

HOUSE BILL 2171

AN ACT

AMENDING SECTION 28-2091, ARIZONA REVISED STATUTES; RELATING TO
CERTIFICATES OF TITLE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-2091, Arizona Revised Statutes, is amended to
3 read:

4 28-2091. Salvage certificate of title; stolen vehicle
5 certificate of title; nonrepairable vehicle
6 certificate of title; recovered vehicles;
7 violation; classification; definitions

8 A. If a vehicle that is subject to the issuance of a certificate of
9 title or registration pursuant to this chapter becomes a salvage vehicle,
10 stolen vehicle or nonrepairable vehicle and is acquired by an insurance
11 company as a result of a total loss insurance settlement, the insurance
12 company or its authorized agent shall submit an application, as determined
13 by the insurance company or its authorized agent, to the department within
14 thirty days after the certificate of title is properly assigned by the
15 owner to the insurance company, with all liens released, on a form
16 prescribed by the department for either a salvage certificate of title,
17 stolen vehicle certificate of title or nonrepairable vehicle certificate
18 of title. The selected certificate of title shall include ALL OF the
19 following:

20 1. A properly endorsed certificate of title EXCEPT THAT A NOTARIZED
21 SIGNATURE ON THE CERTIFICATE OF TITLE OR ON ANY SUPPORTING DOCUMENTS
22 REQUIRED FOR THE TRANSFER IS NOT REQUIRED.

23 2. A lien satisfaction, if applicable.

24 3. The appropriate fees.

25 B. Within thirty days after oral or written acceptance by the owner
26 of an offer in settlement of total loss, if an insurance company or its
27 authorized agent is unable to obtain the documents prescribed by
28 subsection A, paragraphs 1 and 2 of this section, the insurance company or
29 its AUTHORIZED agent, on a form provided by the department, may submit an
30 application to the department for a salvage certificate of title, stolen
31 vehicle certificate of title or nonrepairable vehicle certificate of
32 title. The application shall ~~include evidence~~ ATTEST that the insurance
33 company or its AUTHORIZED agent has made two or more written attempts to
34 obtain the documents prescribed by subsection A, paragraphs 1 and 2 of
35 this section. THE WRITTEN ATTEMPTS ARE REQUIRED ONLY TO BE SENT TO A
36 LIENHOLDER OR OWNER OF A VEHICLE THAT HAS NOT PROVIDED THE DOCUMENTS
37 PRESCRIBED IN SUBSECTION A, PARAGRAPHS 1 AND 2 OF THIS SECTION. The
38 application shall include the appropriate fees prescribed by subsection A,
39 paragraph 3 of this section. The insurance company shall indemnify and
40 hold harmless the department for any claims resulting from ~~the issuance of~~
41 ISSUING a salvage certificate of title, stolen vehicle certificate of
42 title or nonrepairable vehicle certificate of title pursuant to this
43 subsection.

44 C. Except for vehicles registered pursuant to section 28-2482,
45 28-2483 or 28-2484, if the owner retains possession of a salvage vehicle

1 or nonrepairable vehicle, the owner shall comply with this section before
2 receiving a total loss settlement from the insurance company or otherwise
3 disposing of the vehicle.

4 D. Any other owner of a vehicle that is a salvage vehicle or
5 nonrepairable vehicle shall apply for a salvage certificate of title or
6 nonrepairable vehicle certificate of title pursuant to this section.

7 E. On receipt of a proper application, the department shall issue a
8 salvage certificate of title, stolen vehicle certificate of title or
9 nonrepairable vehicle certificate of title for the vehicle.

10 F. If the department issues a nonrepairable vehicle certificate of
11 title for a vehicle, the registration of the vehicle is cancelled. The
12 front of a nonrepairable vehicle certificate of title shall be branded
13 with the word "nonrepairable". The ownership of a vehicle for which a
14 nonrepairable vehicle certificate of title has been issued shall not be
15 reassigned more than two times on that certificate of title or a title
16 transfer form. If a nonrepairable vehicle certificate of title is issued
17 for a vehicle, the department shall not perform any title transfers or
18 issue any further paper certificate of title for that vehicle.

19 G. An owner of a vehicle that is not a salvage vehicle who sells
20 the vehicle as scrap or for purposes of dismantling or destroying shall
21 assign the certificate of title or a title transfer form to the purchaser,
22 and the purchaser shall comply with section 28-2094.

23 H. On sale of the vehicle, an owner of a salvage vehicle for which
24 a salvage certificate of title has been obtained or an owner of a
25 nonrepairable vehicle for which a nonrepairable vehicle certificate of
26 title has been obtained shall assign and deliver the salvage certificate
27 of title or nonrepairable vehicle certificate of title or a title transfer
28 form to the purchaser and shall notify the department of the name and
29 address of the purchaser.

30 I. Except as provided in subsection L of this section, the
31 department shall issue a certificate of title to a vehicle that has been
32 issued a salvage certificate of title or stolen vehicle certificate of
33 title as a result of a total loss settlement by reason of theft if the
34 vehicle is recovered and was not wrecked or stripped of essential parts
35 and the insurance company or its authorized agent submits an affidavit to
36 the department in a form prescribed by the department stating either of
37 the following:

38 1. The vehicle is a recovered theft and both of the following:

39 (a) The vehicle was not wrecked or stripped of essential parts.

40 (b) To the insurance company's or its authorized agent's actual
41 knowledge, no air bag or component part necessary to the proper function
42 of the air bag system deployed in the vehicle or was removed from the
43 vehicle.

44 2. The vehicle is a recovered theft and, to the insurance company's
45 or its authorized agent's actual knowledge, an air bag or an air bag

1 module deployed in the vehicle or was removed from the vehicle. The
2 insurance company or its authorized agent shall list the location in the
3 vehicle of each deployment or removal of an air bag or an air bag module.

4 J. On receipt of an affidavit submitted pursuant to subsection I,
5 paragraph 2 of this section, the department shall mark its records to
6 indicate the deployment or removal of the air bag or air bag module from
7 the vehicle and the location of each deployment or removal.

8 K. The insurance company or its authorized agent shall give the
9 purchaser of a vehicle that is a recovered theft, as described in
10 subsection I of this section, a copy of the affidavit submitted pursuant
11 to subsection I of this section.

12 L. If the vehicle is a recovered theft and components of the
13 vehicle's air bag system, other than the air bag or the air bag module
14 described in subsection I, paragraph 2 of this section, or other parts of
15 the vehicle were removed compromising the functional integrity of the air
16 bag system or the structural integrity of the vehicle, the insurance
17 company or its authorized agent shall submit an affidavit to the
18 department in a form prescribed by the department stating that the vehicle
19 is a recovered theft and that components of the vehicle's air bag system,
20 other than the air bag or the air bag module described in subsection I,
21 paragraph 2 of this section, or other parts of the vehicle were removed
22 compromising the functional integrity of the air bag system or the
23 structural integrity of the vehicle. The department shall not issue a
24 certificate of title to the vehicle but may issue a restored salvage
25 certificate of title pursuant to section 28-2095 if all of the following
26 apply:

27 1. The vehicle is repairable.

28 2. The department successfully completes a level three inspection
29 as prescribed in section 28-2011.

30 3. The vehicle meets other requirements the director prescribes.

31 M. Except as provided in subsection N of this section, any person
32 who sells a vehicle that is issued a certificate of title pursuant to
33 subsection I of this section and who has actual knowledge that an air bag,
34 an air bag module or components of the vehicle's air bag system
35 compromising the functional integrity of the air bag system deployed or
36 were removed from the vehicle shall not fail to disclose the deployment or
37 removal to the buyer before completion of the sale with the intention of
38 concealing the deployment or removal. A person who violates this
39 subsection is guilty of a class 1 misdemeanor.

40 N. Subsection M of this section does not apply to either of the
41 following:

42 1. An insurance company or its authorized agent who issues an
43 affidavit pursuant to subsection I of this section unless the insurance
44 company or its authorized agent intentionally fails to disclose the
45 deployment or removal of an air bag, an air bag module or components of

1 the vehicle's air bag system that compromise the functional integrity of
2 the air bag system.

3 2. A person who owns a vehicle that is issued a certificate of
4 title pursuant to subsection I of this section if the person repairs or
5 replaces the air bag or air bag module in the vehicle.

6 0. Any person who sells a vehicle for which a salvage certificate
7 of title has been issued and who knows a salvage certificate of title has
8 been issued for the vehicle shall clearly and conspicuously disclose in
9 writing or by electronic means to the buyer before completion of the sale
10 that the vehicle is a salvage vehicle and has a salvage certificate of
11 title.

12 P. If a vehicle that has a certificate of title as a salvage
13 vehicle is to be scrapped, dismantled or destroyed, the owner or purchaser
14 shall comply with section 28-2094.

15 Q. The provisions of this chapter that refer to certificates of
16 title apply to salvage certificates of title, stolen vehicle certificates
17 of title and nonrepairable vehicle certificates of title issued pursuant
18 to this section unless they conflict with this section.

19 R. If a component part of a vehicle on which the vehicle
20 identification number is affixed is to be replaced and if the vehicle is
21 being repaired by a person other than its owner, the person shall notify
22 the owner in writing and in the manner prescribed by the department that
23 the part has been replaced, and the owner shall comply with section
24 28-2165. This subsection does not apply if the department has not issued
25 a salvage certificate of title or a nonrepairable certificate of title and
26 if the vehicle manufacturer or the manufacturer's authorized agent meets
27 all of the following conditions:

28 1. The frame is the component part replaced.

29 2. The frame replacement is performed by the vehicle manufacturer
30 or the manufacturer's authorized agent.

31 3. If the original frame contained a vehicle identification number
32 or serial number, the original vehicle identification number or serial
33 number, in a similar size and style, is restamped in the replacement frame
34 by the manufacturer or the manufacturer's authorized agent.

35 4. Any existing manufacturer warranties remaining on the vehicle
36 are not voided.

37 5. The manufacturer or the manufacturer's authorized agent
38 obliterates all vehicle identification numbers or serial numbers contained
39 on the original frame.

40 S. Except as otherwise provided, a person who violates this section
41 is guilty of a class 2 misdemeanor.

42 T. For the purposes of this section:

43 1. "Essential parts" means integral and body parts, the removal,
44 alteration or substitution of which will tend to conceal the identity or
45 substantially alter the appearance of the vehicle.

1 2. "Nonrepairable vehicle" means a vehicle of a type that is
2 otherwise subject to the issuance of a certificate of title and
3 registration pursuant to this chapter and that either:

4 (a) Has no resale value except as a source of parts or scrap metal
5 and the owner or insurer designates the vehicle solely as a source of
6 parts or scrap metal.

7 (b) Is a completely stripped vehicle that is recovered from theft
8 and that is missing the engine or motor, the transmission, all of the
9 bolt-on sheet metal body panels, all of the doors and hatches,
10 substantially all of the interior components and substantially all of the
11 grill and light assemblies or that the owner designates has little or no
12 resale value except its worth as a source of scrap metal or as a source of
13 a vehicle identification number that could be used illegally.

14 (c) Is a completely burned vehicle that has been burned to the
15 extent that there are no usable or repairable body or interior components,
16 tires and wheels, engine or motor or transmission and that the owner
17 irreversibly designates as having little or no resale value except as a
18 source of scrap metal or as a source of a vehicle identification number
19 that could be used illegally.

20 3. "Salvage vehicle" means a vehicle, other than a nonrepairable
21 vehicle, of a type that is subject to the issuance of a certificate of
22 title and registration pursuant to this chapter and that has been stolen,
23 wrecked, destroyed, flood or water damaged or otherwise damaged to the
24 extent that the owner, leasing company, financial institution or insurance
25 company considers it uneconomical to repair the vehicle.

26 4. "Stolen vehicle certificate of title" means a vehicle ownership
27 document issued to the owner of a vehicle that has been stolen and not
28 recovered.