

Testimony of
John Peterson on behalf of Insurance Auto Auctions (IAA)
Senate Transportation Committee
Testimony in Support of House Bill HB 2501
March 5, 2020

Mr. Chairman and Senators,

I am John Peterson representing IAA. I appreciate the opportunity to present IAA's support for House Bill 2501. I am joined today by Vince Donohoe, an area manager at IAA. IAA has two salvage pool facilities in the state of Kansas, one in Kansas City and one in Wichita. IAA processes thousands of total loss vehicles per year for the insurance industry.

Sometimes vehicles that have been brought to IAA facilities at the direction of an insurance company after a claim has been filed by the owner get abandoned on our property by the owner. This happens, for example, when the insurance company denies coverage. Examples of denied coverage situation include when the damage exceeds policy limits or collision damage may not be covered under the policy. Or, during the claim process, the vehicle owner changes his mind and wants to keep ownership of the total loss vehicle. The insurer pays the value of the vehicle to the owner but then the owner abandons the vehicle at the salvage pool.

The result of these situations is that vehicles sit in salvage pool facilities with no way to dispose of them.

This bill would allow a salvage pool to obtain an ownership document for the vehicle in its name if a vehicle has been brought to the salvage pool as the subject of an insurance claim, but subsequently that claim is not paid and the vehicle remains unclaimed on the premises of the salvage pool for more than 30 days. The salvage pool would then send two notices to the vehicle owner and lienholder to remove the vehicle. If the salvage vehicle pool does not receive proof of delivery for the notices, the salvage vehicle pool shall cause notice of the application for an ownership document to be published in a newspaper of general circulation in the county where the vehicle is located. If the vehicle is not removed within 30 days from the date of notice, the salvage pool may apply for a title in its name. If the most recent ownership document for the vehicle was not issued by this state, an inspection of the vehicle by the Kansas highway patrol is required. This bill language was drafted in conjunction and pursuant to input from the Division of Motor Vehicles.

Mr. Chair, I hope that my comments have been helpful to your Committee. I thank you for the opportunity to address the Committee. We would encourage your support for HB 2501.

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