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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1406

02/24/2025 Authored by Anderson, P. E., The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act
1.2 relating to motor vehicles; providing notice requirements related to salvage vehicle
1.3 auctions; authorizing insurers to apply for vehicle title when vehicle is acquired
1.4 through payment of damages; proposing coding for new law in Minnesota Statutes,
1.5 chapter 168A.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. 168A.1502] INSURER APPLICATION FOR TITLE.

1.8 (a) When an insurer licensed to conduct business in Minnesota acquires ownership of a
1.9 vehicle through payment of damages and the owner fails to deliver the vehicle's title to the
1.10 insurer within 15 days of payment of the claim, the insurer or a designated agent may apply
1.11 to the commissioner for a certificate of title, salvage title, or prior salvage title as provided
1.12 in this section. This section only applies to vehicles with a title issued by this state.

1.13 (b) At least 15 days prior to applying for a certificate of title, salvage title, or prior salvage
1.14 title under this section, the insurer or a designated agent must notify the owner and any
1.15 lienholders of record of the insurer's intent to apply for a title. The notice must be sent to
1.16 the last known address of the owner and any lienholders by certified mail or by a commercial
1.17 delivery service that provides evidence of delivery.

1.18 (c) At least 15 days after notifying the owner and any lienholders under paragraph (b),
1.19 the insurer may apply for a certificate of title, salvage title, or prior salvage title from the
1.20 commissioner. The application must attest that the insurer or a designated agent:

1.21 (1) paid the claim;

1.22 (2) requested the title or other necessary transfer documents from the owner; and

2.1 (3) provided notice to the owner and any lienholders as required under paragraph (b).

2.2 If the insurer or a designated agent does not attest to completing the requirements under  
 2.3 clauses (1) to (3), the commissioner must reject the application.

2.4 (d) Notwithstanding any outstanding liens, upon proper application, the commissioner  
 2.5 must issue a certificate of title, salvage title, or prior salvage title in the name of the insurer.  
 2.6 Issuance of a certificate of title, salvage title, or prior salvage title extinguishes all existing  
 2.7 liens against the vehicle. If the vehicle is sold, the insurer or a designated agent must assign  
 2.8 the title to the buyer, and the vehicle is transferred without any liens.

2.9 **Sec. 2. [168A.1503] REQUIREMENTS UPON UNPAID INSURANCE VEHICLE**  
 2.10 **CLAIM.**

2.11 Subdivision 1. **Definition.** For purposes of this section, "salvage vehicle auction  
 2.12 company" or "auction company" means a business, organization, or individual that sells  
 2.13 salvage vehicles on behalf of insurers.

2.14 Subd. 2. **Notice to auction company.** (a) If an insurance company licensed to conduct  
 2.15 business in Minnesota requests an auction company to take possession of a salvage vehicle  
 2.16 that is subject to an insurance claim and the insurance company does not subsequently take  
 2.17 ownership of the vehicle, the insurance company may direct the auction company to release  
 2.18 the vehicle to the owner or lienholder.

2.19 (b) The insurance company must provide the auction company notice by commercial  
 2.20 delivery service, email, or a proprietary electronic system accessible by both the insurance  
 2.21 company and the auction company authorizing the auction company to release the vehicle  
 2.22 to the vehicle's owner or lienholder.

2.23 Subd. 3. **Notice to owner or lienholder.** (a) Upon receiving notice from an insurance  
 2.24 company, the auction company must send two notices a minimum of 14 days apart to the  
 2.25 owner of the vehicle and any lienholders stating that the vehicle is available to be recovered  
 2.26 from the auction company within 30 days of the date on which the first notice was sent.  
 2.27 Each notice must include an invoice for any outstanding charges owed to the auction company  
 2.28 that must be paid before the vehicle may be recovered.

2.29 (b) Notice under this subdivision must be sent to the address of the owner and any  
 2.30 lienholder on record with the department by certified mail or a commercially available  
 2.31 delivery service that provides proof of delivery.

2.32 Subd. 4. **Vehicle deemed abandoned.** (a) If the owner or any lienholder does not recover  
 2.33 the vehicle within 30 days of the date on which the first notice was sent under subdivision

3.1 3, (1) the vehicle is considered abandoned, (2) the vehicle's certificate of title is deemed  
3.2 assigned to the auction company, and (3) without surrendering the certificate of title, the  
3.3 auction company may request, on a form provided by the department, that the department  
3.4 issue a certificate of title that is free of liens and bears a salvage or prior salvage brand.

3.5 (b) A request under paragraph (a) must be accompanied by a copy of (1) the notice sent  
3.6 by the insurance company required under subdivision 2, and (2) evidence of delivery of the  
3.7 notices sent to the owner and any lienholders required under subdivision 3 or evidence that  
3.8 the notices were undeliverable.

3.9 (c) Notwithstanding any outstanding liens against the vehicle, upon receipt of any fees  
3.10 charged under section 168A.29, the department must issue a certificate of title that is free  
3.11 of liens and bears a salvage or prior salvage brand to the auction company in possession of  
3.12 the vehicle.