

1 AN ACT relating to motor vehicle titles.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 186A.555 is amended to read as follows:

- 4 (1) The provisions of KRS 186A.500 to 186A.550 notwithstanding, the owner of a
5 motor vehicle that has been damaged solely by hail, ***or has otherwise received***
6 ***cosmetic damage only***, shall have the regular title of the vehicle branded~~—~~as
7 follows: "Hail Damage/***Cosmetic Damage***" if:
- 8 (a) The vehicle is in a condition that it can be legally operated on the highway;
 - 9 (b) The total estimated or actual cost of parts and labor to rebuild or reconstruct
10 the vehicle to its pre-hail ***or pre-cosmetic damage*** condition exceeds seventy-
11 five percent (75%) of the retail value of the vehicle, as set forth in a current
12 edition of the National Automobile Dealer's Association price guide; and
 - 13 (c) The owner intends to retain ownership of the vehicle.
- 14 (2) A person seeking to have the title of a vehicle branded for hail ***or cosmetic*** damage
15 under subsection (1) of this section shall present the sheriff with a statement from
16 the person's insurance company that the damage exceeds seventy-five percent (75%)
17 of the retail value of the vehicle and is solely the result of hail ***or cosmetic*** damage,
18 and shall have the vehicle inspected by the sheriff of the county in which the vehicle
19 is registered. Upon completion of inspection of the vehicle, the sheriff shall indicate
20 on the vehicle transaction record form if he or she has received a statement from the
21 person's insurance company that the damage to the vehicle is the result of hail ***or***
22 ***cosmetic*** damage and if the total estimated or actual cost of parts and labor to
23 rebuild or reconstruct the vehicle to its pre-hail ***or pre-cosmetic damage*** condition
24 exceeds seventy-five percent (75%) of the retail value of the vehicle, as set forth in
25 a current edition of the National Automobile Dealer's Association price guide. The
26 sheriff shall be paid a fee of five dollars (\$5) to conduct an inspection under this
27 subsection.

1 (3) Upon completion of the inspection required under subsection (2) of this section, a
2 person shall take the vehicle transaction record form and the title to the vehicle to
3 the office of the county clerk in the county in which the vehicle is registered. If the
4 sheriff has certified on the vehicle transaction record form that the damage to the
5 vehicle is the result of hail or cosmetic damage and if the total estimated or actual
6 cost of parts and labor to rebuild or reconstruct the vehicle to its pre-hail or pre-
7 cosmetic damage condition exceeds seventy-five percent (75%) of the retail value
8 of the vehicle, as set forth in a current edition of the National Automobile Dealer's
9 Association price guide, the title shall not be surrendered to the clerk, but the clerk
10 shall stamp on the face of the title "Hail/Cosmetic Damage". The clerk shall also
11 enter into the Automated Motor Vehicle Registration System (AVIS) the
12 information that the title has been branded in the clerk's office "Hail/Cosmetic
13 Damage". The county clerk shall be paid a fee of three dollars (\$3) to carry out the
14 provisions of this subsection.

15 (4) A title branded "Hail/Cosmetic Damage" under the provisions of subsection (3) of
16 this section shall retain the brand for as long as the person holds title to the vehicle,
17 and upon the sale or transfer of the vehicle, the new title issued shall continue to
18 carry the brand "Hail/Cosmetic Damage".

19 (5) An insurance company shall not render payment on a vehicle damaged solely by
20 hail in excess of seventy-five percent (75%) of the retail value of the vehicle until
21 the title has been branded "Hail/Cosmetic Damage".

22 ➔Section 2. KRS 186A.530 is amended to read as follows:

23 (1) The owner of a motor vehicle that meets the definition of a salvage vehicle as set
24 forth in KRS 186A.520(1) and has been issued a salvage certificate of title in
25 Kentucky, or the equivalent thereof by another licensing jurisdiction, and has been
26 rebuilt, may make application for a new certificate of title pursuant to KRS 186.115.
27 The Transportation Cabinet may promulgate administrative regulations pursuant to

1 KRS Chapter 13A governing the form of application.

2 (2) Upon receipt of a salvage certificate of title issued pursuant to KRS 186A.520, or
3 similar title issued by another state if the title does not disqualify the vehicle from
4 being titled for use on the highway in that state, and proof of passing the inspection
5 required by KRS 186A.115, the cabinet shall issue a new certificate of title with the
6 words "rebuilt vehicle" printed on the face of the title. The brand shall be carried
7 forward and printed in the appropriate section on the face of all titles issued
8 thereafter for that motor vehicle.

9 (3) If ownership of a motor vehicle has been transferred to an insurance company
10 through payment of damages, the insurance company making the payment of
11 damages shall be deemed the owner of the vehicle.

12 (4) The owner of a water damaged vehicle shall make application to the cabinet for a
13 salvage certificate of title as provided for in KRS 186A.520. The owner of a vehicle
14 with a brand from another jurisdiction identifying the vehicle as water damaged or
15 other similar designation who is making application for a Kentucky title shall be
16 issued a title with the words "water damaged" printed on the face of the title.

17 (5) A Kentucky salvage certificate of title may be issued from an out-of-state junking
18 certificate or other ownership document bearing a designation of "junk,"
19 "unrebuildable," or other similar classification that disqualifies the vehicle from
20 being titled for use on the highway in that state with the following provisions:

21 (a) The out-of-state junking certificate of title or other ownership certificate shall
22 be an original, secure document.

23 (b) The applicant shall submit a minimum of two (2) photographs of the motor
24 vehicle showing the damage to the motor vehicle. The photographs shall be
25 included in the application for a salvage certificate of title.

26 (c) The applicant shall submit a minimum of two (2) estimates of damage
27 verifying that the condition of the vehicle which has been issued the junking

1 certificate constitutes less than seventy-five percent (75%) of the retail value
2 of the vehicle, as set forth in a current edition of the National Auto Dealers'
3 Association N.A.D.A. price guide.

4 (d) A salvage title issued under this subsection shall be branded "SALVAGE."
5 The Transportation Cabinet shall use a unique method of identification to
6 differentiate a salvage title issued under this subsection from other salvage
7 titles.

8 (6) (a) Upon receipt of a salvage certificate of title issued pursuant to subsection (5)
9 of this section, or an out-of-state junking certificate or other ownership
10 document bearing a designation of "junk," "unrebuildable," or other similar
11 classification that disqualifies the vehicle from being titled for use on the
12 highway in that state, and proof of passing the inspection required by KRS
13 186A.115, the cabinet shall issue a new certificate of title with the words
14 "REBUILT VEHICLE" printed on the face of the title. The Transportation
15 Cabinet shall use a unique method of identification to differentiate a rebuilt
16 brand issued under this paragraph from other rebuilt brands. The brand shall
17 be carried forward and printed in the appropriate section on the face of all
18 titles issued thereafter for that motor vehicle.

19 (b) A person who obtains a rebuilt title under this subsection shall permanently
20 affix a plate of metallic composition within the opening for the driver's side
21 door which states "REBUILT VEHICLE - May Not Be Eligible For Title In
22 All States."

23 (7) (a) When an insurance company makes a claim settlement on a vehicle that has
24 been stolen and recovered, if the vehicle meets the definition of a salvage
25 vehicle as set forth in KRS 186A.520, the company shall apply for a salvage
26 certificate of title as provided for in KRS 186A.520. Upon receipt of this
27 information, the cabinet shall issue the company a certificate of title to replace

1 a salvage certificate of title. The cabinet shall promulgate administrative
2 regulations pursuant to KRS Chapter 13A regarding the forms and any
3 additional information which insurance companies shall be required to obtain
4 and submit when seeking a certificate of title to replace a salvage certificate of
5 title.

6 (b) In claim settlements that do not involve transfer of the vehicle to the insurance
7 company, an insurer shall not render payment on a damage claim for a vehicle
8 whose damage meets or exceeds seventy-five percent (75%) of the value of
9 the vehicle, until the insurer has received proof that the owner has surrendered
10 the title or has applied for a salvage certificate of title as set forth in KRS
11 186A.520. The owner shall apply for a salvage certificate of title within three
12 (3) working days of the agreed settlement. This subsection shall not apply to
13 ~~hail-damaged~~ vehicles **with hail or cosmetic damage** under KRS 186A.555.

14 (c) An insurance company shall not refuse coverage to, and shall not reclassify
15 coverage of, a vehicle that has been issued a rebuilt title pursuant to the
16 provisions of this section.

17 (8) A motor vehicle owner or a motor vehicle dealer licensed in this state who offers
18 for sale, trade, or transfer a motor vehicle which carries a title brand, as set forth in
19 subsection (2) or (6) of this section, shall disclose the nature of the brand to any
20 prospective buyer or transferee, prior to the sale, and according to the following:

21 (a) Dealer disclosure shall be located on a sticker placed on the vehicle. The
22 sticker wording shall be printed in at least ten (10) point, bold face type, on a
23 background of obviously different color, and shall include the following:
24 "THIS IS A REBUILT VEHICLE." This disclosure information shall not
25 appear on vehicles that do not have a branded title. Dealer disclosure shall
26 also be located on a buyer's notification form to be approved by the
27 Transportation Cabinet. The form shall inform the buyer that the vehicle is a

1 rebuilt vehicle and may include any other information the cabinet deems
2 necessary.

3 (b) Nondealer disclosure shall be made in accordance with the procedures
4 provided for in KRS 186A.060. The Department of Vehicle Regulation shall
5 ensure that disclosure information appears near the beginning of the
6 application for title and informs the buyer that the vehicle is a rebuilt vehicle.

7 (9) Failure of a dealer to procure the buyer's acknowledgment signature on the buyer's
8 notification form or failure of any person other than a dealer to procure the buyer's
9 acknowledgment signature on the vehicle transaction record form shall render the
10 sale voidable at the election of the buyer. The election to render the sale voidable
11 shall be limited to forty-five (45) days after issuance of the title. This provision shall
12 not bar any other remedies otherwise available to the purchaser.

13 (10) The notification provisions of this section shall not apply to motor vehicles more
14 than ten (10) model years old.

15 (11) The Transportation Cabinet shall promulgate administrative regulations pursuant to
16 KRS Chapter 13A, regarding the administration of the title branding procedure. The
17 administrative regulations shall include the manner in which salvage titles and
18 rebuilt brands on vehicles previously declared unrebuildable by another state are
19 differentiated from other salvage titles and rebuilt brands. The administrative
20 regulations may include designation of additional brands which provide significant
21 information to the owner.