

Act No. 118  
Public Acts of 1992  
Approved by the Governor  
June 26, 1992  
Filed with the Secretary of State  
June 26, 1992

**STATE OF MICHIGAN  
86TH LEGISLATURE  
REGULAR SESSION OF 1992**

Introduced by Reps. Randall, Nye, Oxender, Bender and Bennett

# **ENROLLED HOUSE BILL No. 5224**

AN ACT to amend section 217c of Act No. 300 of the Public Acts of 1949, entitled as amended "An act to provide for the registration, titling, sale, transfer, and regulation of vehicles operated upon the public highways of this state or any other place open to the general public and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state agencies; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," as amended by Act No. 96 of the Public Acts of 1990, being section 257.217c of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Section 217c of Act No. 300 of the Public Acts of 1949, as amended by Act No. 96 of the Public Acts of 1990, being section 257.217c of the Michigan Compiled Laws, is amended to read as follows:

Sec. 217c. (1) An insurance company licensed to conduct business in this state that determines that a late model vehicle that the company insures has become a distressed vehicle shall proceed under either of the following:

(a) If the insurance company acquires ownership of the vehicle through payment of a claim, the owner of the vehicle shall assign the certificate of title to the insurance company who shall do all of the following:

- (i) Surrender a properly assigned certificate of title to the secretary of state.
- (ii) Apply for a salvage certificate of title. The insurance company shall not sell the vehicle without first receiving a salvage certificate of title, which shall be assigned to the buyer.
- (b) If after payment of a claim, the insurance company permits the owner of the vehicle to retain ownership, the insurance company shall do all of the following:
  - (i) Require each owner of the vehicle to sign an application for a salvage certificate of title.
  - (ii) Attach the owner's certificate of title to the application for a salvage certificate of title or have the owner certify that the certificate of title is lost.
  - (iii) On behalf of the owner, apply to the secretary of state for a salvage certificate of title in the name of the owner. The owner shall not sell or otherwise dispose of the vehicle without first receiving a salvage certificate of title, which shall be assigned to the buyer.
- (2) If an insurance company acquires ownership of a vehicle other than a late model distressed vehicle through payment of damages due to an accident, the company shall surrender a properly assigned title to the buyer upon delivery.
- (3) If a dealer, other than a vehicle scrap metal processor, acquires ownership of a late model vehicle that is a distressed vehicle from an owner and receives an assigned certificate of title, the dealer shall surrender the assigned certificate of title to the secretary of state and apply for a salvage certificate of title within 5 days after the dealer receives the assigned certificate of title. The dealer may sell the vehicle to another dealer by assigning the salvage certificate of title to the buyer. If the vehicle is sold to a buyer other than a dealer, application shall be made for a salvage certificate in the name of the buyer. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a certificate of title was received. A vehicle scrap metal processor shall surrender an assigned salvage certificate of title to the secretary of state within 30 days after acquiring a vehicle for which a salvage certificate of title was received, and report that the vehicle was destroyed or scrapped.
- (4) If a person, other than a dealer or insurance company that is subject to subsection (1) or (3), acquires ownership of a late model vehicle that is a distressed vehicle, the person shall surrender the title or assigned certificate of title to the secretary of state and apply for a salvage certificate of title, before the vehicle may be transported. If an owner retains ownership of a late model vehicle that should be a distressed vehicle, the owner shall surrender the title or assigned certificate of title to the owner's insurance company who, before payment of a claim, shall apply for a salvage certificate of title in the name of the owner.
- (5) An application for a salvage certificate of title shall be made on a form prescribed by the secretary of state accompanied by a fee of \$10.00. The application shall contain all of the following:
  - (a) The complete name and current address of the owner.
  - (b) A description of the vehicle, including its make, style of body, model year, weight, color, and vehicle identification number.
  - (c) A description of the damage to the vehicle.
  - (d) Until January 1, 1993, a listing of each major component part that was not salvageable.
  - (e) Further information as may reasonably be required by the secretary of state.
- (6) The secretary of state shall issue the salvage certificate within 5 business days after the time the application is received at the secretary of state's office in Lansing. Until January 1, 1993, each salvage certificate of title shall include a listing of each major component part that was not salvageable.
- (7) A salvage certificate of title shall authorize the holder of the title to possess, transport, but not drive upon a highway, and transfer ownership in, a vehicle. A certificate of title or registration plates shall not be issued for a vehicle for which a salvage certificate of title was issued unless a specially trained police officer certifies that the vehicle identification numbers and parts identification numbers have been examined as to their accuracy, the applicant has proof of ownership of repair parts used, the vehicle complies with the equipment standards of this act, and that certification accompanies the application for a certificate of title. Until January 1, 1993, an application for a certificate of title shall contain a description of each salvageable part used to repair the vehicle and any identification number affixed to or inscribed upon the part as required by federal law. A fee of \$25.00 shall be received by the police agency for inspection of the vehicle. Upon the satisfactory completion of the examination and other requirements for application, a certificate of title, in the same form as the original, shall be issued for the vehicle.
- (8) If a dealer other than a vehicle scrap metal processor acquires ownership of an older model vehicle from an owner and receives an assigned certificate of title, the dealer shall retain the assigned certificate of title as long as the dealer retains the vehicle. A vehicle scrap metal processor shall surrender an assigned certificate of title to the secretary of state within 30 days after the vehicle is destroyed or scrapped.

(9) A dealer other than a vehicle scrap metal processor selling or assigning a vehicle to a vehicle scrap metal processor shall make a record in triplicate on a form to be provided by the secretary of state in substantially the following form:

Scrap Vehicle Inventory:

Dealer name \_\_\_\_\_  
Dealer address \_\_\_\_\_  
Dealer license number \_\_\_\_\_  
Conveyed to: \_\_\_\_\_ Date \_\_\_\_\_

(Vehicle scrap metal processor)

Vehicles

Model Year	Vehicle Make	VIN
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
etc.		

One copy shall be retained as a permanent record by the dealer, 1 copy shall be forwarded with the vehicle to be retained by the vehicle scrap metal processor, and 1 copy shall be forwarded to the secretary of state along with an assigned certificate of title or a salvage certificate.

(10) A person, other than a used or secondhand vehicle parts dealer or a foreign salvage dealer, or an insurance company admitted to conduct business in this state, receiving a salvage certificate of title shall not sell the vehicle to anyone other than 1 of the following:

- (a) The vehicle's former owner.
- (b) A used or secondhand vehicle parts dealer.
- (c) A vehicle scrap metal processor.
- (d) A foreign salvage vehicle dealer licensed under this act.
- (e) A registered motor vehicle repair facility engaging in body work.

(11) The secretary of state may conduct periodic reviews of the records of a dealer to determine whether adequate notice is given to a transferee of a rebuilt salvage vehicle of that vehicle's prior designation as a salvage vehicle. The secretary of state may request an insurance company to provide copies of salvage title documents and claims reports involving major component parts to assist the secretary of state in monitoring compliance with this act.

(12) Subsections (10) and (11) shall apply until January 1, 1993.

This act is ordered to take immediate effect.

\_\_\_\_\_  
Clerk of the House of Representatives.

\_\_\_\_\_  
Secretary of the Senate.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.