

SESSION OF 2014

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 385**

As Amended by Senate Committee on  
Transportation

**Brief\***

SB 385 would allow an insurance company to apply to the Division of Vehicles for a salvage title 30 days after the company enters into a damage settlement agreement in which the owner agrees to transfer title if the insurance company is unable to obtain voluntary assignment of the title from the owner of the vehicle. The bill would require insurance companies to give notice to lienholders of record and to the owner of the vehicle that it is applying for a salvage title.

Upon receipt of an application, the Division of Vehicles would be required to provide notice to any lienholders of record and to the owner of the vehicle that it will issue the salvage title. The lienholders and owner would have 30 days to file an objection. If an objection is filed, the matter would be heard in accordance with the Kansas Administrative Procedure Act.

A lienholder would retain a security interest in the vehicle unless the lien has been paid or released.

**Background**

The bill was introduced by the Senate Committee on Transportation at the request of Farmers Insurance. At the Senate Committee hearing, a representative of Farmers Insurance testified there was no statutory remedy for an

---

\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

insurance company if the owner of the vehicle would not voluntarily transfer the title of a salvage vehicle. The representative testified there are many reasons a title may not be transferred, ranging from an error by any involved party to a refusal by the owner to transfer the title. A representative of the Kansas Automobile Dealers Association (KADA) offered an amendment and testified in support of an amended version of the bill. Written proponent testimony was received from Farmers Alliance, Insurance Auto Auctions, the Kansas Association of Property and Casualty Insurance Companies, and the State Farm Insurance Companies.

A representative of the Department of Revenue Division of Vehicles provided neutral testimony. There was no opponent testimony.

The Senate Committee adopted an amendment suggested by KADA to provide a process for lienholders and owners of the vehicle to challenge the issuance of a salvage title. Additionally, the amendment provided that lienholders would retain their security interests in the salvage vehicle unless the interest was paid or released.

According to the fiscal note prepared by the Division of Budget, the Department of Revenue indicates the bill, as introduced, would require the creation of a new policy and procedure for accepting and processing the application for a salvage title, but the cost could be absorbed within existing resources.