



SENATE BILL 379: Issuance of Unregisterable Certificate of Title.

2021-2022 General Assembly

Committee:		Date:	February 2, 2022
Introduced by:		Prepared by:	Howard Marsilio Staff Attorney
Analysis of:	S.L. 2021-126		

OVERVIEW: *S.L. 2021-126 requires the Division of Motor Vehicles (DMV) to create and issue an unregisterable certificate of title for certain eligible motor vehicles and create an application process for insurance companies or their agents and contractors to apply for an unregisterable certificate of title under certain circumstances.*

This act became effective October 1, 2021.

CURRENT LAW: Generally certificates of title evidence the ownership of vehicles and the liens against vehicles. A new title is issued when a title is lost or vehicle ownership or lienholder information changes. Vehicle titles can be issued, duplicated, corrected, cancelled, branded, and junked. Procedures vary for certificate of title applications based on the type of vehicle and other circumstances as outlined by law. Currently, there is no certificate of title, title application process, or title brand that relates to an unregisterable certificate of title.

BILL ANALYSIS: This act:

- Requires the DMV to create and issue an unregisterable certificate of title to an owner of an eligible vehicle that looks different than other types of titles, contains a notice stating that the vehicle is no longer able to be registered in this State for highway use, and only allows for ownership transfer for parts, destruction, or recycling.
- Clarifies that the Division may rescind an unregisterable certificate of title issued in error.
- Creates an application process for an insurance company to apply for an unregisterable certificate of title to a vehicle registered in another state when the insurance company is unable to obtain a properly endorsed title or other ownership documents for the vehicle.
- Creates a towing and storage lien and priority for out-of-state registered vehicles in the possession of an insurance company, agent, or contractor of the insurance company.
- Authorizes the application for an unregisterable certificate of title by the agent or contractor for the purpose of selling the vehicle to satisfy the towing and storage lien if the insurance company denies coverage or fails to reach a settlement and the owner or lienholder fails to pay the lien and take possession of the vehicle.
- Specifies that any owner, lienholder, or subsequent purchaser would have no cause of action against the DMV based on harm that results from an unregisterable certificate of title issuance or its processes.

EFFECTIVE DATE: This act became effective October 1, 2021.

Jeffrey Hudson
Director



Legislative Analysis
Division
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