

186A.530 Titles of rebuilt, water-damaged, and junk vehicles -- Insurance claim settlements for salvage vehicles -- Disclosure of title brand by owner or dealer -- Voidability of sale without disclosure -- Exemption -- Administrative regulations.

- (1) The owner of a motor vehicle that meets the definition of a salvage vehicle as set forth in KRS 186A.520(1) and has been issued a salvage certificate of title in Kentucky, or the equivalent thereof by another licensing jurisdiction, and has been rebuilt, may make application for a new certificate of title pursuant to KRS 186.115. The Transportation Cabinet may promulgate administrative regulations pursuant to KRS Chapter 13A governing the form of application.
- (2) Upon receipt of a salvage certificate of title issued pursuant to KRS 186A.520, or similar title issued by another state if the title does not disqualify the vehicle from being titled for use on the highway in that state, and proof of passing the inspection required by KRS 186A.115, the cabinet shall issue a new certificate of title with the words "rebuilt vehicle" printed on the face of the title. The brand shall be carried forward and printed in the appropriate section on the face of all titles issued thereafter for that motor vehicle.
- (3) If ownership of a motor vehicle has been transferred to an insurance company through payment of damages, the insurance company making the payment of damages shall be deemed the owner of the vehicle.
- (4) The owner of a water damaged vehicle shall make application to the cabinet for a salvage certificate of title as provided for in KRS 186A.520. The owner of a vehicle with a brand from another jurisdiction identifying the vehicle as water damaged or other similar designation who is making application for a Kentucky title shall be issued a title with the words "water damaged" printed on the face of the title.
- (5) A Kentucky salvage certificate of title may be issued from an out-of-state junking certificate or other ownership document bearing a designation of "junk," "unrebuildable," or other similar classification that disqualifies the vehicle from being titled for use on the highway in that state with the following provisions:
 - (a) The out-of-state junking certificate of title or other ownership certificate shall be an original, secure document.
 - (b) The applicant shall submit a minimum of two (2) photographs of the motor vehicle showing the damage to the motor vehicle. The photographs shall be included in the application for a salvage certificate of title.
 - (c) The applicant shall submit a minimum of two (2) estimates of damage verifying that the condition of the vehicle which has been issued the junking certificate constitutes less than seventy-five percent (75%) of the retail value of the vehicle, as set forth in a current edition of the National Auto Dealers' Association N.A.D.A. price guide.
 - (d) A salvage title issued under this subsection shall be branded "SALVAGE." The Transportation Cabinet shall use a unique method of identification to differentiate a salvage title issued under this subsection from other salvage titles.
- (6) (a) Upon receipt of a salvage certificate of title issued pursuant to subsection (5) of this section, or an out-of-state junking certificate or other ownership

document bearing a designation of "junk," "unrebuildable," or other similar classification that disqualifies the vehicle from being titled for use on the highway in that state, and proof of passing the inspection required by KRS 186A.115, the cabinet shall issue a new certificate of title with the words "REBUILT VEHICLE" printed on the face of the title. The Transportation Cabinet shall use a unique method of identification to differentiate a rebuilt brand issued under this paragraph from other rebuilt brands. The brand shall be carried forward and printed in the appropriate section on the face of all titles issued thereafter for that motor vehicle.

- (b) A person who obtains a rebuilt title under this subsection shall permanently affix a plate of metallic composition within the opening for the driver's side door which states "REBUILT VEHICLE - May Not Be Eligible For Title In All States."
- (7) (a) When an insurance company makes a claim settlement on a vehicle that has been stolen and recovered, if the vehicle meets the definition of a salvage vehicle as set forth in KRS 186A.520, the company shall apply for a salvage certificate of title as provided for in KRS 186A.520. Upon receipt of this information, the cabinet shall issue the company a certificate of title to replace a salvage certificate of title. The cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A regarding the forms and any additional information which insurance companies shall be required to obtain and submit when seeking a certificate of title to replace a salvage certificate of title.
- (b) In claim settlements that do not involve transfer of the vehicle to the insurance company, an insurer shall not render payment on a damage claim for a vehicle whose damage meets or exceeds seventy-five percent (75%) of the value of the vehicle, until the insurer has received proof that the owner has surrendered the title or has applied for a salvage certificate of title as set forth in KRS 186A.520. The owner shall apply for a salvage certificate of title within three (3) working days of the agreed settlement. This subsection shall not apply to hail-damaged vehicles under KRS 186A.555.
- (c) An insurance company shall not refuse coverage to, and shall not reclassify coverage of, a vehicle that has been issued a rebuilt title pursuant to the provisions of this section.
- (8) A motor vehicle owner or a motor vehicle dealer licensed in this state who offers for sale, trade, or transfer a motor vehicle which carries a title brand, as set forth in subsection (2) or (6) of this section, shall disclose the nature of the brand to any prospective buyer or transferee, prior to the sale, and according to the following:
- (a) Dealer disclosure shall be located on the previous consumer-owner sticker provided for in KRS 190.080. The sticker notification shall appear in a color different from that of the previous consumer-owner sticker and shall be set apart from other information required by KRS 190.080. The sticker wording shall be printed in at least ten (10) point, bold face type, on a background of obviously different color, and shall include the following: "THIS IS A REBUILT VEHICLE." This disclosure information

shall not appear on previous consumer-owner stickers for vehicles that do not have a branded title. Dealer disclosure shall also be located on a buyer's notification form to be approved by the Transportation Cabinet. The form shall inform the buyer that the vehicle is a rebuilt vehicle and may include any other information the cabinet deems necessary.

- (b) Nondealer disclosure shall be made in accordance with the procedures provided for in KRS 186A.060. The Department of Vehicle Regulation shall ensure that disclosure information appears near the beginning of the application for title and informs the buyer that the vehicle is a rebuilt vehicle.
- (9) Failure of a dealer to procure the buyer's acknowledgment signature on the buyer's notification form or failure of any person other than a dealer to procure the buyer's acknowledgment signature on the vehicle transaction record form shall render the sale voidable at the election of the buyer. The election to render the sale voidable shall be limited to forty-five (45) days after issuance of the title. This provision shall not bar any other remedies otherwise available to the purchaser.
- (10) The notification provisions of this section shall not apply to motor vehicles more than ten (10) model years old.
- (11) The Transportation Cabinet shall promulgate administrative regulations pursuant to KRS Chapter 13A, regarding the administration of the title branding procedure. The administrative regulations shall include the manner in which salvage titles and rebuilt brands on vehicles previously declared unbuildable by another state are differentiated from other salvage titles and rebuilt brands. The administrative regulations may include designation of additional brands which provide significant information to the owner.

Effective: June 20, 2005

History: Amended 2005 Ky. Acts ch. 22, sec. 1, effective June 20, 2005. -- Amended 2000 Ky. Acts ch. 230, sec. 3, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 128, sec. 8, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 35, sec. 7, effective July 15, 1996. -- Created 1994 Ky. Acts ch. 243, sec. 4, effective July 15, 1994.

Legislative Research Commission Note (7/15/96). The reference to KRS 186A.335 in subsection (2) of this statute has been changed to KRS 186A.520 to reflect a renumbering by the Reviser of Statutes pursuant to KRS 7.136(1).