



HEADQUARTERS	WASHINGTON OFFICE
3601 VINCENNES ROAD	122 "C" STREET, NW
INDIANAPOLIS, INDIANA 46268	SUITE 540
TELEPHONE: (317) 875-5250	WASHINGTON, D.C. 20001
FAX: (317) 879-8408	TELEPHONE: (202) 628-1558
WWW.NAMIC.ORG	FAX: (202) 628-1601

February 5, 2008

Arizona State Senate
Capitol Complex
1700 West Washington
Phoenix, AZ 85007-2890

Hand-delivered to Senate

**Re: SB 1165, Salvage Title, Stolen Vehicle Title
February 5, 2008, Hearing – Senate Committee on Transportation
NAMIC’s Written Testimony “In Support” of SB 1165**

Dear Members of the Senate Committees on Transportation:

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony **in support of SB 1165, Salvage Title**.

NAMIC is a full-service national trade association with more than 1,400 member companies that underwrite approximately 43 percent (\$196 billion) of the property & casualty insurance premium in the United States. NAMIC membership includes four of the seven largest property/casualty insurance carriers in the nation, and every size regional, national and state specific property & casualty insurer, including hundreds of farm mutual insurance companies. NAMIC has 147 member insurance carriers doing business in the state of Arizona, who write approximately 34% of the property/casualty insurance business in the state.

On behalf of NAMIC’s members, I respectfully submit the following testimony in support of SB 1165:

A. SB 1165 will help streamline and expedite the claims settlement process

As part of the claims settlement of a total-loss or stolen motor vehicle, insurance carriers have a legal obligation to secure a certificate of title to the subject motor vehicle. Procuring a properly endorsed certificate of title from the owner of the subject motor vehicle is not always as easy as it sounds, especially if the owner of the motor vehicle was injured in the automobile accident or has personal/professional obligations which adversely impact the owner’s ability to timely submit the requisite legal documents to the insurer.

SB 1165 will allow insurance carriers, who are having difficulty securing a properly endorsed certificate of title from the owner, to apply directly to the state for a legal transfer of title. This will help streamline the claims adjusting process for insurers and expedite the settlement of total-loss or stolen motor vehicle insurance claims.

B. SB 1165 will assist carriers in their attempt to control administrative cost-drivers that impact insurance rates

Availability and affordability of insurance products are of paramount importance to insurance companies and their consumers. Insurers are vigilant in the efforts to control cost-drivers that impact insurance rates. SB 1165 will help carriers save on administrative costs associated with having to wait, an extended period of time, to secure the legal documents necessary for the carrier to sell the total-loss or salvaged vehicle.

Specifically, SB 1165 will aid carriers in their attempt to contain the ever-growing cost of motor vehicle storage fees, and will facilitate the prompt sale of total-loss and stolen vehicles.

C. SB 1165 will help insurers timely recover their insured's auto insurance collision coverage deductible

When an insurance consumer is involved in a liability-contested automobile accident that caused the subject motor vehicle to be non-repairable, the consumer's insurance carrier, pursuant to the terms of the insured's auto insurance collision coverage, pays the insured the fair market value of the motor vehicle, less the insured's deductible. The carrier then files a legal subrogation claim against the alleged at-fault driver. As part of the legal subrogation claim, the insurance carrier, as a professional courtesy to its insured, included the insured's deductible (which typically ranges from \$250.00 to \$1,000.00) as part of the liability damages sought.

As part of the subrogation claim, the insurer has a legal duty to mitigate its damages claim against the at-fault party, i.e. timely sell the subject motor vehicle for salvage and reduce the administrative costs and storage fees associated with selling the motor vehicle. SB 1165 will assist carriers in their efforts to promptly and effectively mitigate their damages, which will ultimately accelerate the legal resolution of the subrogation claim and the insured's recovery of his/her auto collision deductible.

For the aforementioned reasons, NAMIC respectfully supports SB 1165 as a reasonable and appropriate administrative measure designed to promote the best interests of the insurance consumer.

Thank you for your time and consideration. Please feel free to contact me, at 303.907.0587 or crataj@namic.org, if you have any questions about NAMIC's written testimony.

Respectfully,

Christian John Rataj, Esq.
NAMIC Western State Affairs Manager