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April 13, 2016

Colorado State Legislature  
House Committee on Transportation and Energy  
200 East Colfax Ave.  
Denver, CO 80203

*sent via email to:*  
[matt.kiszka@state.co.us](mailto:matt.kiszka@state.co.us)

**RE: NAMIC's Written Testimony in Opposition to HB 1342, Sale of Motor Vehicles**

Dear Representative Max Tyler, Chair; Representative Diane Mitsch Bush, Vice Chair; and honorable members of the committee:

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to the House Transportation and Energy Committee's public hearing on HB 1342, Sale of Motor Vehicles.

NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 160 members who write property/casualty and workers' compensation insurance in the State of Colorado, which represents 44% of the insurance marketplace.

NAMIC appreciates the importance of making sure that consumers are protected against motor vehicle title fraud ("title washing"), unsafe vehicles being on the roadway, and motor vehicle theft. However, NAMIC is concerned that the proposed legislation will create unnecessary and duplicative reporting requirements for insurers and sellers of salvage motor vehicles without creating any appreciable consumer protection benefit for purchasers of salvage motor vehicles.

Since there is no evidence to support the contention that the National Motor Vehicle Title Information System (NMVTIS), which insurers report to, has failed to effectively gather, maintain, and disseminate accurate motor vehicle title information, NAMIC believes that the proposed state version of the NMVTIS will merely create a new and redundant tier of bureaucracy that will needlessly increase the cost of selling salvage motor vehicles.

One way auto insurers help control their cost is by selling salvage vehicles damaged in total loss claims. Any legislation that creates additional requirements to purchase salvage vehicles – such as a requirement to get a certificate and pay a fee, provide additional title reporting to a new entity, or which limits who may sell and purchase a vehicle – interferes with free market principles and acts as an insurance rate cost driver.

NAMIC appreciates that the supporters of the bill believe that this new motor vehicle title reporting database program will help prevent “title washing” and auto theft, but there is nothing in the bill that specifically addresses how it will accomplish these laudable objectives, that isn’t already being done through the NMVTIS, and by local law enforcement and the Colorado Auto Theft Prevention Authority (CATPA).

Although there are proposed amendments likely to be introduced at the public hearing on April 14<sup>th</sup>, that will purportedly reduce the direct administrative burdens and costs of compliance with the proposed motor vehicle title reporting program for insurers and ultimately their policyholders, NAMIC is still concerned that the proposed legislation will adversely impact the motor vehicle resale market to the detriment of buyers and sellers of motor vehicles and insurance consumers.

NAMIC fully supports consumer protection and the goal of keeping unsafe vehicles off the roads, but the proposed legislation really doesn’t do anything to promote this public policy objective. One need only note that the proposed legislation is being sponsored by an industry that makes money off of selling recycled motor vehicle parts to see that this bill is really about disrupting market competition for salvage motor vehicles, so as to reduce the resale value of salvaged vehicles that they use to create recycled and refurbished motor vehicle parts for sale.

Additionally, NAMIC believes that HB 1342 will deter buyers and potentially drive down the value of salvage vehicles. As fewer bidders enter the marketplace as a result of this bill, insurers will likely collect less money for salvage sales. Consequently, the bill could adversely impact auto insurance rates, because insurers use the money recovered from salvage sales to help offset claims losses.

Please **VOTE NO on HB 1342**, because the bill really isn’t about consumer protection, it is merely an anti-market competition bill designed to benefit one business industry (those who sell recycled and refurbished motor vehicle parts) to the detriment of insurance consumers and individuals who want to buy safe and functional salvage motor vehicles.

Thank you for your time and consideration of NAMIC’s written testimony. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you have any questions pertaining to my written testimony.

Respectfully,



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