**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 40 TO CHAPTER 5, TITLE 56 SO AS TO PROVIDE FOR THE DISPOSITION OF A MOTOR VEHICLE IN THE POSSESSION OF A SALVAGE POOL OPERATOR WHO, UPON THE REQUEST OF AN INSURANCE COMPANY OR CHARITY, TAKES POSSESSION OF A MOTOR VEHICLE THAT IS THE SUBJECT OF AN INSURANCE CLAIM OR A CHARITY DONATION AND SUBSEQUENTLY INSURANCE COVERAGE IS DENIED OR THE CHARITY DOES NOT TAKE OWNERSHIP OF THE MOTOR VEHICLE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 5, Title 56 of the 1976 Code is amended by adding:

“Article 40

Disposition of Motor Vehicles by a Salvage Pool Operator Subject to an Insurance Claim or Charity Donation

Section 56‑5‑5710. (A) As contained in this section, ‘salvage pool operator’ means a person who engages in the business of selling salvage motor vehicles at auction, including wholesale auction, or otherwise.

(B) This section applies only to a salvage pool operator who, upon request of an insurance company or charity, takes possession of a motor vehicle that is the subject of an insurance claim or charity donation and subsequently:

(1) the insurance company denies coverage to the motor vehicle; or

(2) the insurance company or the charity does not take ownership of the motor vehicle.

(C) An insurance company or charity described in subsection (B) shall notify the salvage pool operator of the denial of the claim regarding the motor vehicle or other disposition of the motor vehicle. The insurance company or charity must include in the notice the name and address of the owner of the motor vehicle and the lienholder, if any.

(D) Before the thirty‑first day after receiving notice under subsection (C), a salvage pool operator shall notify the owner of the motor vehicle and any lienholder that:

(1) the owner or lienholder must reimburse the salvage pool operator for all fees incurred and remove the motor vehicle from the salvage pool operator’s possession at the location specified in the notice to the owner and any lienholder no later than the thirtieth day after the date the notice is mailed; and

(2) if the motor vehicle is not removed within the time specified in the notice, the salvage pool operator shall sell the motor vehicle and retain from the proceeds any costs incurred by the operator in obtaining, handling, storing, and disposing of the motor vehicle as described by subsection (E).

(E) The salvage pool operator may include in the costs described by subsection (D)(2) only costs actually incurred by the salvage pool operator that have not been reimbursed by a third party or are not subject to being reimbursed by a third party, including costs of notices, title searches, and towing and other costs incurred with respect to the motor vehicle. The costs described by subsection (D)(2):

(1) may include charges for tow, storage, or impoundment of the motor vehicle that have been paid prior to acquisition by the salvage pool facility and incurred after the salvage pool facility takes possession of the vehicle; and

(2) may be deducted only from the proceeds of a sale of the motor vehicle.

(F) The notice required of a salvage pool operator under this section must be sent by registered or certified mail, return receipt requested, or by a commercial delivery service that has tracking available to show proof of delivery.

(G) If a motor vehicle is not removed from a salvage pool operator’s possession before the thirty‑first day after the date notice is mailed to the motor vehicle’s owner and any lienholder under subsection (D), the salvage pool operator may obtain from the department a lien‑free salvage vehicle title for a salvage motor vehicle.

(H) An application for a title under subsection (G) must:

(1) be submitted to the department on a form prescribed by the department; and

(2) include confirmation by the salvage pool operator that the notice was mailed as required by subsection (D) to the motor vehicle owner and any lienholder.

(I) A title issued under this section must be issued in the name of the salvage pool operator.

(J) The department shall issue the appropriate title to a person authorized to apply for the title within ten days under this section if the department determines the application is complete and complies with applicable law.

(K) On receipt of a title under this section, the salvage pool operator shall sell the motor vehicle and retain from the proceeds of the sale the costs incurred by the salvage pool operator as permitted by subsection (E) along with the cost of titling and selling the motor vehicle. The salvage pool operator shall pay any excess proceeds from the sale to the previous owner of the motor vehicle and the lienholder, if any. The excess proceeds must be mailed to the lienholder.

(L) If the previous owner of the motor vehicle and the lienholder, if any, cannot be identified or located, any excess proceeds from the sale of the motor vehicle under subsection (K) shall escheat to the State.”

SECTION 2. This act takes effect upon approval by the Governor.

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