

SENATE BILL REPORT

SHB 1130

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, April 2, 2013

Title: An act relating to the redemption of impounded vehicles.

Brief Description: Modifying who is authorized to redeem an impounded vehicle.

Sponsors: House Committee on Business & Financial Services (originally sponsored by Representatives Hurst and Dahlquist).

Brief History: Passed House: 3/04/13, 97-0.

Committee Activity: Financial Institutions, Housing & Insurance: 3/19/13, 4/02/13 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Hobbs, Chair; Mullet, Vice Chair; Benton, Ranking Member; Fain, Hatfield and Nelson.

Staff: Edward Redmond (786-7471)

Background: Tow truck operators who impound vehicles from private or public property, or tow for law enforcement agencies, are regulated by the Department of Licensing (DOL). To be licensed, an applicant must meet financial responsibility standards, provide a list of all employee drivers of a tow truck, pass an inspection by the Washington State Patrol (WSP), complete the appropriate forms, and pay the appropriate fees.

Impoundment, the taking and holding of a vehicle in legal custody without the consent of the owner, may only be performed by registered tow truck operators. If on public property, the impound is at the direction of a law enforcement officer; if the vehicle is on private property, the impound is at the direction of the property owner or their agent.

Once a vehicle is impounded, the impounding tow truck operator must notify the legal and registered owners of the vehicle. This notice must be in writing within 24 hours of impoundment and must inform the owner of the identity of the person or agency authorizing the impound. The notification must also include the name of the impounding tow firm, its address, and telephone number.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

An impounded vehicle may only be redeemed by:

- the legal owner;
- the registered owner;
- a person authorized in writing by the registered owner or the vehicle's insurer;
- a person who is determined and verified by the operator to have the permission of the registered owner of the vehicle; or
- a person who has purchased a vehicle from the registered owner who produces proof of ownership or written authorization and signs a receipt.

Summary of Bill: An impounded vehicle may also be redeemed by:

- the insurer of the vehicle when that insurer has received a claim in connection with the insured vehicle; and
- a vendor working on behalf of the insurer of the vehicle when that insurer has received a claim in connection with the insured vehicle.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Farmers Insurance is in strong support of SHB 1130. The bill will provide a needed benefit to Washington's insurance consumers by increasing the speed in which a claim can be processed leading to faster claim settlements. This bill will allow insurers to move vehicles from impound lots once a claim is accepted. The bill before the committee only applies to first-party claimants while the original bill included third-party claimants. Farmers Insurance requests the committee to adopt the language from the original legislation as the expedited processing of claims would be a benefit to both first and third-party claimants.

The Towing and Recovery Association of Washington (TRAW) is in support of the bill in front of the committee. TRAW, however, has several concerns with the original bill that Farmers Insurance is asking the committee to adopt. The original bill stated that the vehicle could be picked up by an insurer that had a claim associated with the vehicle not just the insurer of the vehicle. If this is what the Legislature wants, then there should be a hold-harmless clause in the bill for tow truck companies that release vehicles to third-party insurers. The House limited the scope of authority to only allow insurers of the vehicle to redeem it. TRAW urges the committee to not adopt the original bill because allowing the insurer of the at-fault driver to recover the victim's vehicle is bad policy.

Persons Testifying: PRO: Jessica Harbin, Farmers Insurance; Stuart Halsan, TRAW.