

# HOUSE BILL REPORT

## SHB 1130

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### As Amended by the Senate

**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:

##### Committee Activity:

Business & Financial Services: 1/30/13, 2/13/13 [DPS].

##### Floor Activity:

Passed House: 3/4/13, 97-0.

Senate Amended.

Passed Senate: 4/15/13, 48-0.

#### Brief Summary of Substitute Bill

- Allows an impounded vehicle to be redeemed by the insurer of the vehicle, or the insurer's vendor, if that insurer has received a claim in connection with the insured vehicle.

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### HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Kirby, Chair; Ryu, Vice Chair; Parker, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Blake, Chandler, Habib, Hawkins, Hudgins, Hurst, Kochmar, MacEwen, O'Ban, Santos and Stanford.

**Staff:** Jon Hedegard (786-7127).

#### 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

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drivers of a tow truck, pass an inspection by 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 his or her agent.

Once a vehicle is impounded, the impounding tow truck operator is required to 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.

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 Substitute 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.

#### **EFFECT OF SENATE AMENDMENT(S):**

The provision regarding the redemption of a vehicle by the vehicle's insurer or a vendor working on behalf of the vehicle's insurer is restructured and the language regarding the connection to a claim is removed. A vehicle's insurer or a vendor working on behalf of the vehicle's insurer may redeem an impounded vehicle.

A third-party insurer that has a duty to replace or repair an impounded vehicle may redeem the vehicle. A vendor working on behalf of such a third-party insurer may also redeem an impounded vehicle. Prior to redemption by a third-party insurer or their vendor, the third-party insurer or their vendor must get consent from one of the following: the registered owner of the vehicle; the legal owner of the vehicle; a driver in possession of the vehicle with the registered owner's permission; or an adult member of the registered owner's family. The consent does not have to be in writing but it must be documented in the third-party insurer's claim file.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The bill tries to clarify when an insurer can gain control of an impounded vehicle. If an insurer cannot redeem a vehicle, the storage fees for the impoundment will mount. There are times when an insurer is aware of a claim related to an impounded vehicle but cannot contact the policyholder. An example is if the policyholder is hospitalized. If the insurer can retrieve the vehicle, it keeps down the storage fees and helps the insurer close the claim more quickly. One insurer could save up to \$63,000 a year. An insurer would not have the ability to start repairs but it can begin the process of estimating the claim.

(With concerns) Generally, insurers are allowed to retrieve the vehicles of their policyholders. This bill allows an insurer to retrieve any vehicle connected to a claim and that can be a problem. Perhaps the WSP or the DOL should adopt a form to provide some safe harbors for the tow truck operators. The tow truck operators have a number of other issues with insurers. Those may not be addressed in this bill, but they are serious. Sixty-three thousand dollars a year does not seem important in the context of the many issues between insurers and tow truck operators. At times, the insurer may not redeem an impounded vehicle. The insurer may tell the tow yard to turn it into scrap. Insurers may refuse to pay for tow-related services. Insurers usually pick up their policyholders' cars within 24 hours. This bill seems to allow insurers to pick up the car of a third-party. The owner of the vehicle may have possessions in the vehicle that have real or sentimental value and they will go with the possession of the car.

(Opposed) None.

**Persons Testifying:** (In support) Jessica Harbin and Gary Purkett, Farmers Insurance.

(With concerns) Stu Halsan and Randy Houston, Towing and Recovery Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.