

# Testimony of Kevin Park

## Insurance Auto Auctions

Thank you Sen. Jasinski, for the opportunity to speak to the Salvage Study Task Force and represent the salvage auction industry. My name is Kevin Park and I work for Insurance Auto Auctions Inc. I am here to testify on behalf of Insurance Auto Auctions and Copart. These two companies represent the majority of salvage vehicle auctions in the State of Minnesota. Our industry believes in transparency on vehicles determined salvage and we believe this is currently addressed by Minnesota statutes.

- Talking Points:
- The confusion comes when not all totaled vehicles are damaged significantly enough to be designated salvage.
    - Because of the low value of most older vehicles, a total loss vehicle does not mean the vehicle is a safety hazard. As a general rule, when a vehicle is involved in an accident and sustains damage that exceeds 75% of the market value of the vehicle, the vehicle owner's insurance company decides to declare the vehicle a "total loss". A vehicle could have a repair cost exceeding 75% of its fair market value and, yet, have no safety-related damage. While this is true for many older vehicle collisions, it is also certainly true for hail-damaged or vandalized cars.
  - Vehicle historical information is currently available in many forms in the marketplace.
    - Consumers may obtain a vehicle history report from several commercial companies and from National Motor Vehicle Title Information System, otherwise known as NMVTIS
    - The available reports will show if a vehicle was totaled by an insurance company.
    - Additionally, the chain-of-title reflects ownership by an insurance company.
  - There are also unintended consequences of branding all vehicles salvage that are total loss. Such as:
    - Increased cost to the state by the expansion of required inspections when the vehicle is repaired for on-road use.
    - Disproportionate impact to lower-income consumers who are at a higher percentage purchasing and driving previously damaged vehicles.
  - The majority of states provide exemption from salvage designation on vehicle titles based on age and/or damage threshold.
  - As stated by the Insurance Federation of Minnesota at the last Task Force meeting, we would find it acceptable to add the damage type to salvage vehicles. Our request is like theirs and that if this is implemented it will be a standardized format with limited options (Collision, Flood, Hail, Cosmetic, etc.)
  - A report provided by the Minnesota Department of Public Safety for the 2019-year shows (please see pages 79 and 80 of the report, tables 12.01 and 12.02)
    - Very few accidents are caused by defective vehicles, generally around 1% of all accidents. Of that small number, brakes, mechanical system and other equipment are the most frequent culprits. These defects are not associated with "total loss" vehicles, but rather, generally reflect poor maintenance.

### Related websites:

National Motor Vehicle Title Information System (NMVTIS) - <https://vehiclehistory.bja.ojp.gov/>

National Insurance Crime Bureau (NICB) – <https://www.nicb.org/>

CarFax - <https://www.carfax.com>

AutoCheck - <https://www.autocheck.com>

Thank you again Sen. Jasinski and all members of the Task Force. I am available if you have any questions or require clarification of my comments.