

SENATE BILL 2397

By Watson

AN ACT to amend Tennessee Code Annotated, Title 55,
Chapter 3, Part 2, relative to motor vehicles.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 55, Chapter 3, Part 2, is amended by adding the following language as a new, appropriately designated section:

§ 55-3-2__.

(a) If an insurance company determines that an insured's wrecked or damaged passenger motor vehicle has incurred damage to the extent that the vehicle will be required to be titled as a salvage vehicle or certificated as a nonrepairable vehicle pursuant to this part, then the insurance company shall:

(1) Notify the insured in writing that the insured will have an obligation under § 55-3-212 to apply for a salvage title or nonrepairable vehicle certificate if the insurance company does not assume ownership; and

(2) Provide to the insured an opportunity to choose whether:

(A) The insured will retain ownership of the wrecked or damaged passenger motor vehicle; or

(B) The insurance company will assume ownership.

(b) A person who violates this section commits an unfair trade practice and shall be subject to the provisions of title 56, chapter 8, part 1 and § 56-2-305.

SECTION 2. Tennessee Code Annotated, Section 55-3-212(b), is amended by deleting subdivision (8)(C) in its entirety and by substituting instead the following language:

(C) If an insurance company does not assume ownership of its insured's passenger motor vehicle that has incurred damage requiring the vehicle to be

titled as a salvage vehicle or certificated as a nonrepairable vehicle, then the insurance company shall:

(i) Notify the department that a salvage title or nonrepairable vehicle certificate should be issued for the vehicle and, in addition to the notification required in § 55-3-2__ of Section 1, notify the insured of the insured's obligation to apply for a salvage title or nonrepairable vehicle certificate for the passenger motor vehicle; or

(ii) Withhold payment of the claim until the insured applies for a salvage title or nonrepairable vehicle certificate.

SECTION 3. This act shall take effect July 1, 2010, and shall apply to contracts entered into or renewed on or after that date.