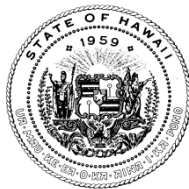


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STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 11, 2019
1:15 p.m.
State Capitol, Room 225

S.B. 822
RELATING TO REBUILT VEHICLES.

Senate Committee on Transportation

The Department of Transportation (DOT) **supports** this bill.

DOT agrees that vehicles with flood damage to the electronic system such that the vehicle was considered a total loss should be branded so that buyers are warned about the situation prior to making a purchase.

Thank you for the opportunity to provide testimony.

SENATE COMMITTEE ON TRANSPORTATION

Senate Bill 822 Relating to Rebuilt Vehicles

Chair Inouye, Vice-Chair Harimoto, members of the Senate Committee on Transportation, I am Matt Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm). State Farm offers these comments about SB 822 Relating to Rebuilt Vehicles, and more specifically, including Flood and Electronics Damage in the definition of “total loss” for the purposes of determining whether a vehicle should have a “rebuilt title.”

Under current law, a vehicle that is declared a total loss can only be subject to a branded “rebuilt vehicle” title if there is material damage to its “frame, unitized structure, or suspension system,” and the cost to repair is greater than the vehicle’s market value. When an auto insurer makes this determination, and the car is subsequently rebuilt, it must be branded with a “rebuilt title,” which warns future purchasers that the car has been declared a total loss and might have hidden defects that could affect its safe operation.

Unfortunately, Hawaii law does not require a car that has sustained significant flood damage and likewise declared a total loss to be similarly branded. This is because the current definition does not include flood damage, or damage to a car’s electronics within the definition of “total loss” for the purposes of labeling it with a “rebuilt title.” Although this might have made some sense in the early 1990’s when the statute was last amended, today’s cars have increased electronics, and a flooded vehicle, particularly one damaged by salt water, should have a branded title if it is rebuilt to warn subsequent purchasers.

SB 822 corrects this oversight by specifically adding “flood” and damage “to [a] vehicle’s electronics” to the definition of “total loss” for titling purposes. This is both a consumer protection and safety issue, and is particularly relevant in Hawaii where severe storms can and do cause vehicle flood damage.

Thank you for the opportunity to present this testimony.