

Alabama Auto Total Loss Threshold by Law

Section 32-8-87

Dismantling, destroying, changing identity of vehicle; certificate requirements; insurance claims; "total loss"; removal of identification numbers, plates, etc.; transfer of salvage vehicles; inspections; "component parts"; rebuilt vehicles; flood vehicles; online verifications.

(a) Each owner of a motor vehicle and each person mentioned as owner in the last certificate of title who scraps, dismantles, destroys, or changes the motor vehicle in such a manner that it is not the same motor vehicle described in the certificate of origin or certificate of title shall as soon as practicable cause the certificate of origin or certificate of title, if any, and any other documents or information required by the department to be mailed or delivered to the department for processing. The department shall, with the consent of any holder of liens noted on the surrendered certificate, enter a cancellation upon its records. Upon cancellation of a certificate of origin or certificate of title in the manner prescribed by this section, the department shall cancel all certificates of origin or certificates of title in that chain of title. A certificate of title for the vehicle shall not again be issued except upon application containing the information the department requires, accompanied by a certificate of inspection in the form and content as specified in this section.

No motor vehicle for which a salvage or junk certificate has been issued by this state or any other state shall be driven or operated on the highways or other public places of this state. A vehicle which is in this state and for which a salvage certificate has been issued, and the vehicle is being restored to its operating condition which existed prior to the event which caused the salvage certificate of title to issue, may be moved to and from repair points as necessary by the rebuilder to complete the restoration or may be moved as permitted by the Department of Revenue for inspection or for any other purpose. A valid Alabama dealer license plate shall be displayed on the vehicle during its movement. A person who violates this subsection shall, upon conviction, be guilty of a Class A misdemeanor and shall be punishable as required by law.

(b) When the frame or engine is removed from a motor vehicle and not immediately replaced by another frame or engine, or when an insurance company has paid money or made other monetary settlement as compensation for a total loss of any motor vehicle, the motor vehicle shall be considered to be salvage. The owner of every motor vehicle in which total loss or salvage has occurred in this state, shall, within 72 hours after the total loss or salvage occurs, make application for a salvage certificate

of title and forward to the department the certificate of origin or certificate of title to the motor vehicle, whereupon the department shall process the certificate of origin or certificate of title in a manner prescribed by law or regulation. An insurance company which pays money or makes other monetary settlement as compensation for total loss of a motor vehicle shall at the time of payment or monetary settlement obtain the vehicle's properly assigned certificate of origin or certificate of title and, as soon as practicable after receiving it, shall forward it along with their application for a salvage certificate, to the department for processing. In the event the payment or monetary settlement was made because of the theft of the vehicle, which shall be considered a total loss as defined in this section, the insurance company shall forward the vehicle's properly assigned certificate of origin or certificate of title as provided herein, to the department as soon as practicable after the vehicle is recovered. When a stolen motor vehicle has been reported to the department in compliance with this section and is later recovered, and for which a salvage certificate has been issued, the owner recorded on the salvage certificate shall assign that certificate to the purchaser. A person who violates this subsection shall, upon conviction, be guilty of a Class A misdemeanor and shall be punishable as required by law.

(c) If an insurance company acquires a motor vehicle in settlement of an insurance claim and holds the vehicle for resale and procures the certificate of origin or certificate of title from the owner or lienholder within 15 days after delivery of the vehicle to the insurance company, and if the vehicle was not a total loss as defined by this section, the insurance company need not send the certificate of origin or certificate of title to the department but, upon transferring the vehicle to another person, other than by the creation of a security interest, the insurance company shall complete an affidavit of acquisition and disposition of the motor vehicle on a form prescribed by the department and deliver the certificate of origin or certificate of title, affidavit, and any other documents required by the department to the transferee at the time of delivery of the motor vehicle.

(d) For the purposes of this section, a total loss shall occur when an insurance company or any other person pays or makes other monetary settlement to a person when a vehicle is damaged and the damage to the vehicle is greater than or equal to 75 percent of the fair retail value of the vehicle prior to damage as set forth in a current edition of a nationally recognized compilation of retail values, including automated data bases. The compensation for total loss as defined in this subsection shall not include payments by an insurer or other person for medical care, bodily injury, vehicle rental, or for anything other than the amount paid for the actual damage to the motor vehicle. A vehicle that has sustained minor damage as a result of theft or vandalism shall not be considered a total loss. Any person acquiring ownership of a damaged motor vehicle that meets the definition of total loss for which a salvage title has not

been issued shall apply for a salvage title, other than a scrap metal processor acquiring such vehicle for purposes of recycling into metallic scrap for remelting purposes only. This application shall be made before the vehicle is further transferred, but in any event, within 30 days after ownership is acquired.

(e) It shall be unlawful for the owner of any junkyard, salvage yard, or automotive dismantler and parts recycler or his or her agents or employees to have in their possession any motor vehicle which is junk or salvage or a total loss when the manufacturer's vehicle identification number plate or plates, authorized replacement vehicle identification number plate or plates, or serial plate or plates have been removed, unless previously required to be removed by a statute or law of this state or another jurisdiction. A person who violates this subsection shall, upon conviction, be guilty of a Class A misdemeanor and shall be punishable as required by law.

(f) It shall be unlawful for a person, firm, or corporation to possess, sell or exchange, offer to sell or exchange, or to give away any certificate of origin, certificate of title, salvage certificate of title, manufacturer's identification number plate or plates, authorized replacement vehicle identification number plate or plates, serial plate or plates, or motor vehicle license plate or plates of any motor vehicle which has been scrapped, dismantled, or sold as junk or salvage or as a total loss contrary to this section, and every officer, agent, or employee of a person, firm, or corporation, and every person who shall authorize, direct, aid in or consent to the possession, sale or exchange, or offer to sell, exchange, or give away such certificate of origin, certificate of title, salvage certificate of title, manufacturer's vehicle identification number plate or plates, authorized replacement vehicle identification number plate or plates, serial plate or plates, or motor vehicle license plate or plates contrary to this section, shall, upon conviction, be guilty of a Class A misdemeanor and shall be punishable as required by law.

(g) The department is authorized to issue a salvage certificate of title for a fee of fifteen dollars (\$15), on a form prescribed by the department which shall provide for assignments of this title. The salvage certificate of title is to replace a certificate of origin or certificate of title required to be surrendered by this section. The department shall prescribe necessary forms and procedures to comply with this subsection.

(h) It shall be unlawful for a person to sign as assignor or for a person to have in his or her possession a salvage certificate of title which has been signed by the owner as assignor without the name of the assignee and other information called for on the form prescribed by the department. A person who violates this subsection, upon conviction, shall be guilty of a Class A misdemeanor and shall be punishable as required by law.

(i) Every owner of a salvage or junk motor vehicle who sells or transfers the vehicle to any person shall provide at the time of the sale or transfer a properly executed assignment and warranty of title to the transferee in the space provided therefor on the salvage certificate of title or junk certificate of title or as the department prescribes. A person who willfully violates this subsection shall, upon conviction, be guilty of a Class A misdemeanor and shall be punishable as required by law.

(j) The department may issue a certificate of title to any motor vehicle for which a salvage certificate has been issued by this or any other state, and the vehicle has, in this state, been completely restored to its operating condition which existed prior to the event which caused the salvage certificate of title to issue, provided that all requirements of this section have been met. The department may issue a certificate of title for any motor vehicle for which a salvage certificate of title has been issued by this or any other state or when the department has evidence that a salvage title should have been issued by this or any other state, and the vehicle has been completely restored outside of this state to its operating condition which existed prior to the event which caused the salvage certificate of title to be issued, provided the department is satisfied that the vehicle was rebuilt in the other state in accordance with that state's salvage rebuilding laws. Any motor vehicle for which a certificate of title has been issued by any state with the notation of junk, parts car, parts only, nonrebuildable, or when a certificate of destruction or bill of sale has been issued for transfer of the vehicle with similar language shall be considered to be a junk vehicle and shall not be titled in this state. In addition, no certificate of title may be issued for any vehicle where the frame or the majority of the major component parts were obtained from a junk vehicle as previously defined.

(k) Every owner of a salvage motor vehicle designated a 1975 year model and all models subsequent thereto which is in this state and which has been restored in this state to its operating condition which existed prior to the event which caused the salvage certificate of title to issue shall make application to the department for an inspection of the vehicle in the form and content as determined by the department. Each application for inspection of a salvage vehicle which has been so restored shall be accompanied by all of the following:

(1) The outstanding salvage certificate or out-of-state title previously issued for the salvage vehicle.

(2) Notarized bills of sale evidencing acquisition of all major component parts (listing the manufacturer's vehicle identification number of the vehicle from which the parts were removed, if parts contain or should contain the manufacturer's vehicle identification number) used to restore the vehicle and bills of sale evidencing

acquisition of all minor component parts. Notarization shall not be required on bills of sale for minor component parts; provided that a notarized bill of sale which lists the manufacturer's vehicle identification number of the vehicle from which the parts were removed, if parts contain or should contain the manufacturer's vehicle identification number, shall be required for a transmission.

(3) Evidence that the owner is a licensed motor vehicle rebuilder as defined in Section 40-12-390, unless otherwise exempt from the licensing requirement by Chapter 12 of Title 40. Notwithstanding the foregoing, where an owner acquires an Alabama salvage certificate of title to his or her own vehicle from his or her insurance company in settlement of a claim, a prior registration or other documentation that shows that the owner owned the vehicle prior to the salvage title being issued may be submitted in lieu of a rebuilder's license.

(4) The owner shall also provide a written affirmation which states the following:

a. The actions taken to restore the vehicle to its operating condition which existed prior to the event which caused the salvage certificate to issue.

b. That the owner personally inspected the completed vehicle and it complies with all safety requirements set forth by the State of Alabama and any regulations promulgated thereunder.

c. That the identification numbers of the restored vehicle and its parts have not, to the knowledge of the owner, been removed, destroyed, falsified, altered, or defaced.

d. That the salvage certificate document or out-of-state title certificate attached to the application has not to the knowledge of the owner been forged, falsified, altered, or counterfeited.

e. That all information contained on the application and its attachments is true and correct to the knowledge of the owner.

f. The owner, as specified in subsection (r), shall be required to post a bond in accordance with Section 32-8-36 in the event that the owner cannot provide any information required in subsection (k) or any other information specified by the department.

(l) The application fee for each inspection of a restored vehicle shall be seventy-five dollars (\$75), payable to the department in a manner as prescribed by the department, which shall accompany the application.

(1) All application fees and title fees received by the department pursuant to this subsection shall be applied toward the personnel and maintenance costs of the vehicle inspection program and the vehicle inspection program shall be conducted by the office of investigations and inspections of the department. Upon receipt of the application for inspection, application fee of seventy-five dollars (\$75), its supporting documents, and title fee of fifteen dollars (\$15), payable to the department in a manner as prescribed by the department, the department shall require an inspection to be made of the title and the vehicle by qualified agents or law enforcement officers of the department.

(2) The inspection and certification shall include an examination of the vehicle and its parts to determine that the identification numbers of the vehicle or its parts have not been removed, falsified, altered, defaced, destroyed, or tampered with; that the vehicle information contained in the application for certificate of title and supporting documents is true and correct; and that there are no indications that the vehicle or any of its parts are stolen. The certification shall not attest to the roadworthiness or safety condition of the vehicle.

(m) Component parts are defined as:

(1) PASSENGER VEHICLES.

a. Major components:

1. Motor or engine.
2. Trunk floor pan or rear section and roof.
3. Frame or any portion thereof (except frame horn), or, in the case of a unitized body, the supporting structure which serves as the frame, except when it is a part of the trunk floor pan, or rear section and roof.
4. Cowl, firewall, or any portion thereof.
5. Roof assembly.

b. Minor components:

1. Each door allowing entrance to or egress from the passenger compartment.
2. Hood.

3. Each front fender or each rear fender when used with a rear section and roof.
4. Deck lid, tailgate, or hatchback (whichever is present).
5. Each quarter panel.
6. Each bumper.
7. T-tops, moon roof, or whichever is present.
8. Transmission or trans-axle.

(2) TRUCK, TRUCK TYPE, OR BUS TYPE VEHICLE.

a. Major components:

1. Motor or engine.
2. Transmission or trans-axle.
3. Frame or any portion thereof (except frame horn), or, in the case of a unitized body, the supporting structure which serves as the frame.
4. Cab.
5. Cowl or firewall or any portion thereof.
6. Roof assembly.
7. Cargo compartment floor panel or passenger compartment floor pan.

b. Minor components:

1. Each door.
2. Hood.
3. Grill, except on one ton or smaller trucks.
4. Each bumper.
5. Each front fender.

6. Roof panel and rear cab panel.

7. Each rear fender or side panel.

8. Pickup box.

9. Body or bed.

(3) MOTORCYCLE: COMPONENT PARTS.

a. Engine or motor.

b. Transmission or trans-axle.

c. Frame.

d. Front fork.

e. Crankcase.

(n) A salvage vehicle which has been restored in this state to its operating condition which existed prior to the event which caused the salvage certificate of title to issue shall be issued a certificate of title which shall contain the word rebuilt.

(o)(1) Each salvage vehicle restored or rebuilt in this state which is required to be inspected by the department pursuant to subsection (l) and for which a certificate of title may be issued pursuant to subsection (n) shall be issued a decal, plate, or other emblem as prescribed by the department to reflect that the vehicle is rebuilt. The decal, plate, or other emblem shall be attached to the vehicle in a place and in a manner prescribed by the department.

(2) A person who willfully removes, mutilates, tampers with, obliterates, or destroys a decal, plate, or other emblem issued and attached to a salvage vehicle pursuant to this subsection is guilty of a Class A misdemeanor punishable as provided by law.

(p) Each person who sells, exchanges, delivers, or otherwise transfers any interest in any vehicle for which a title bearing the designation salvage or rebuilt has been issued shall disclose in writing the existence of this title to the prospective purchaser, recipient in exchange, recipient by donation, or recipient by other act of transfer. The disclosure, which shall be made at the time of or prior to the completion of the sale, exchange, donation, or other act of transfer, shall contain the following information in

no smaller than 10 point type: "This vehicle's title contains the designation salvage or rebuilt."

(q)(1) Any motor vehicle for which an insurance company has paid a total loss due, in part, to being damaged by water shall be deemed a flood vehicle. The motor vehicle's certificate of title and every subsequent certificate of title shall contain the designation flood vehicle.

(2) Each person who sells, exchanges, donates, delivers, or otherwise transfers any interest for which a certificate of title bearing the designation flood vehicle has been issued shall disclose in writing the existence of this designation to the prospective purchaser, recipient in exchange, recipient by donation, or recipient by other act of transfer. The disclosure shall be made at the time of or prior to the completion of the sale, exchange, donation, delivery, or other act of transfer and shall contain the following information in no smaller than 10 point type: The certificate of title of this motor vehicle contains the designation flood vehicle.

(r) If an owner acquires a salvage vehicle for which a previous insurer or owner did not properly obtain a salvage title from this or any other state or the vehicle was rebuilt by a rebuilder who is no longer licensed as a rebuilder, the current owner may proceed as provided in subsection (k) and apply for an inspection of the vehicle. In any case where the department has determined that an insurer or prior owner did not properly obtain a salvage certificate of title, a prior registration or other documentation that shows that the owner owned the vehicle prior to the notification by the department may be submitted in lieu of a rebuilder's license.

(s)(1)a. A licensed automotive dismantler and parts recycler as defined in Section 40-12-410, secondary metals recycler as defined in Section 13A-8-30, who acquires a motor vehicle for the purpose of dismantling it or recycling it into metallic scrap for melting purposes or any person who crushes a motor vehicle acquired from anyone other than a licensed automotive dismantler and parts recycler or a secondary metal recycler, except as provided in subdivision (2), shall surrender any certificate of title received to the department for cancellation in a manner as prescribed by the department. A notice of cancellation shall be submitted and a receipt of the notice shall be obtained from the department prior to crushing the vehicle or dismantling the vehicle or recycling it into metallic scrap for remelting purposes. A licensed automotive dismantler and parts recycler or secondary metals recycler shall file the notice electronically and the department, at the time of filing, shall provide the filer with an electronic notice of receipt. The licensed automotive dismantler and parts recycler or secondary metals recycler shall maintain the properly assigned original certificate of title when the notice is filed electronically. The department shall verify

through its records that the title is the current title of the motor vehicle and that the vehicle is not reported as stolen prior to issuing the receipt.

b. Each licensed automotive dismantler and parts recycler, secondary metals recycler, and any other person who crushes a motor vehicle shall maintain records of every motor vehicle crushed or acquired for the purpose of dismantling it or recycling it into metallic scrap for remelting purposes. The records shall be maintained by these parties for a period of not less than five years and shall include the vehicle identification number, name and address of the seller, copy of the seller's state issued driver's license or identification card, the date of sale, and a copy of the certificate of title surrendered to the department. In the event that a person crushes a vehicle or vehicles on behalf of the owner but does not acquire the vehicle or vehicles, that person shall maintain a record of the vehicle identification number, and the name and address of the entity for whom the vehicles were crushed, as well as a copy of the person's state issued driver's license or identification card, or state issued tax ID number if the entity is not a natural person. For purposes of this chapter, a crushed motor vehicle as defined in Section 40-12-116 shall not be deemed a motor vehicle or vehicle, provided, however, that any person who is responsible for transforming a motor vehicle into a crushed motor vehicle is responsible for complying with this section.

(2) Notwithstanding any other provision of this title to the contrary, if the owner or authorized agent of the owner of a motor vehicle has not obtained a title in his or her name for the motor vehicle to be transferred, he or she may sign a sworn statement that, in addition to the foregoing conditions, the vehicle is worth one thousand dollars (\$1,000) or less and is at least 12 model years old. The statement described in this subsection may be used only to transfer such a motor vehicle to a licensed automotive dismantler and parts recycler as defined at Section 40-12-410 or secondary metals recycler as defined at Section 13A-8-30 and shall be used in lieu of a certificate of title when the motor vehicle is being dismantled or recycled into metallic scrap. The department, in consultation with the above industries, shall promulgate a form for the statement which shall include, but not be limited to, all of the following information:

- a. A statement that the motor vehicle shall never be titled again and that it must be dismantled or scrapped.
- b. A description of the motor vehicle including the year, make, model, and vehicle identification number.
- c. The license plate number and state of issue of any vehicle transporting the motor vehicle being sold.

- d. The name, address, and driver's license number of the seller.
- e. A certification by the seller that the seller is lawfully in possession of the vehicle and the seller is the current owner of the vehicle and the seller never obtained a title to the motor vehicle in his or her name.
- f. A certification that the motor vehicle meets all of the following requirements:
 - 1. Is worth one thousand dollars (\$1,000) or less.
 - 2. Is at least 12 model years old.
 - 3. Is not subject to any recorded security interest or lien.
- g. An acknowledgment, made under penalties of perjury, that the seller realizes this information will be filed with the department and that it is a Class C felony to knowingly falsify any information on this statement.
- h. The seller's signature and the date of the transaction.
- i. The name and address of the business acquiring the vehicle.
- j. The unique registration number provided by the Administrator of the National Motor Vehicle Title Information System known as the NMVTIS ID Number.
- k. A certification by the business, made under penalties of perjury, that one thousand dollars (\$1,000) or less was paid to acquire the vehicle.
- l. The business agent's signature and date along with a printed name and title if the agent is signing on behalf of a corporation.
- m. The unique tracking number provided by a Department of Revenue system that indicates that the automotive dismantler and parts recycler or secondary metals recycler has utilized that system to verify that the vehicle is not currently reported as stolen and that there is no recorded lien or notice of a lien on file or that the department has no record of the vehicle. A licensed automotive dismantler and parts recycler or secondary metals recycler shall file the notice electronically, and the department shall provide the filer with an electronic notice of receipt. This statement shall be invalid without this tracking number and without the purchaser's NMVTIS ID Number.

n. An acknowledgement by the automotive dismantler and parts recycler or secondary metals recycler that the motor vehicle will not be crushed or shredded for a period of 48 hours not including Saturday and Sunday after the initial filing with the department of the notice required in this subsection and receipt of such notice.

(3) The automotive dismantler and parts recycler or secondary metals recycler shall electronically deliver the statement required under this subsection to the department within 72 hours of the completion of the transaction, requesting that the department cancel the certificate of title and registration. A transmission of the identical information, in the identical format as prescribed by the Alabama Department of Revenue, shall be sent by the automotive dismantler and parts recycler or secondary metals recycler to the sheriff of the county, or the chief of police if located in a municipality, if requested by the sheriff or chief of police. The transmittal shall be completed and a receipt of the notice, generated at the time of the transmittal, shall be obtained from the department before dismantling the vehicle or recycling it into metallic scrap for remelting purposes. In addition, the automotive dismantler and parts recycler or secondary metals recycler shall maintain the original signed documents required by this subsection for a period of not less than five years. An automotive dismantler and parts recycler or secondary metals recycler who has complied with the requirements of this section shall be immune from, and held harmless from, any claims related to liens which were not recorded or a notice of lien was not recorded, or stolen vehicles not reported, at the time that the vehicle was purchased and the inquiry made and documented with the unique tracking number issued by the department.

(4) Any person who knowingly and willfully violates this subsection, or any person who falsifies the statement required under this subsection, or any person who knowingly and willfully sells a vehicle upon which there is an unsatisfied lien, shall be guilty of a Class C felony. In addition to any punishment rendered, each person convicted shall be subject to the laws regarding restitution.

(5) Any motor vehicle used to transport another motor vehicle or crushed motor vehicle illegally sold under this section may be seized by law enforcement and is subject to forfeiture ordered by the court; provided, however, that no motor vehicle used by any person in the transaction of a sale of such motor vehicle shall be subject to forfeiture unless the owner or other person in charge of the motor vehicle is a consenting or knowing party to the commission of a crime, and a forfeiture of the motor vehicle is subject to the rights of any lienholder who holds a perfected security interest in the motor vehicle so long as the lienholder had no knowledge of or consented to the act. Whenever property is forfeited under this subsection by order of the court, it shall be sold and the proceeds distributed, pro rata after payment of all property expenses relating to the forfeiture and sale, including any court ordered

restitution to the owner of the vehicle, satisfaction of any liens associated with the vehicle sold in violation of this section, and any losses incurred by the automotive dismantler and parts recycler or secondary metals recycler to the general fund of the state or any county or municipality whose department, office, or agency contributed to the investigation of the acts resulting in forfeiture, based upon the contribution, including expenses, of the department, office, or agency, as determined by the court.

(t) The Department of Revenue shall provide a system for a real-time online verification of motor vehicle titles, liens, and stolen vehicle status that can be accessed by an automotive dismantler and parts recycler or a secondary metals recycler. The system shall be capable of transmitting the information from the statement required pursuant to subsection (s) either online or by bulk electronic transmission and shall provide a unique tracking number on a receipt at the time of the submission that indicates that the automotive dismantler and parts recycler or a secondary metals recycler has used the system and that at the time of the inquiry, the vehicle was not reported as stolen and that there were no recorded liens or notices of liens on file associated with the vehicle, or that the department has no record of the vehicle. The charge assessed for the transmittal of the statement required by subsection (s) to the automotive dismantler and parts recycler or secondary metals recycler shall be five dollars (\$5) per submittal. In lieu of a per submittal charge, an automotive dismantler and parts recycler or a secondary metals recycler may pay an annual fee of five hundred dollars (\$500) for all submittals and inquiries made during that fiscal year. The fee shall be paid on a fiscal year basis, beginning October 1 of each fiscal year. Every automotive dismantler and parts recycler, secondary metals recycler or person or company licensed pursuant to Section 40-12-116, shall pay the annual fee for each location or license. Any fees collected under this section shall be retained by the department for use solely by the Motor Vehicle Division of the department for training and technological and processing improvements.

(Acts 1973, No. 765, p. 1147, §41; Acts 1985, No. 85-650, p. 1010, §2; Acts 1987, No. 87-806, p. 1581, §1; Acts 1988, 1st Sp. Sess., No. 88-730, p. 127, §3; Acts 1989, No. 89-863, p. 1724, §1; Acts 1995, No. 95-406, p. 848, §1; Act 2006-213, p. 312, §1; Act 2010-748, p. 1892, §1; Act 2011-633, p. 1507, §1.)