



**The Honorable Richard Carrillo
Chairman Assembly Transportation Committee**

Nevada Legislature 401 S. Carson Street
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Dear: Chairman Carrillo:
RE: **AB 368**

Thank you Chairman Carrillo, and members of the Committee for allowing me to testify in support of **AB368**.

During the 2003 legislative session, changes to chapter NRS 487.790 to remove language relating titling requirements for a salvage title and add a percentage and other requirements relating to salvage titling. The language added.

"1.Total loss vehicle" means a motor vehicle:

- (a) Of a type which is subject to registration; and*
- (b) Which has been wrecked, destroyed or otherwise damaged to such an extent that the cost of repair is 65 percent or more of the fair market value of the vehicle immediately before it was wrecked, destroyed or otherwise damaged, except that, for the purposes of this paragraph, the cost of repair does not include the cost of:
 - (1) Painting any portion of the vehicle"**

Then in 2011 language was added to allow for *electrical components*. Since the changes in 2011, it has become very confusing and difficult to determine when a vehicle should require a salvage title. To add to this the Nevada DOI held a total loss subcommittee of the commissioners Property and Causality to address the ambiguous and confusing language. (Exhibit #5). In NELIS there are several documents. Please look at exhibit #1, which shows how the rest of the country look at total loss titling language.

Insurance companies will calculate *the total loss ratio* (cost of repairs/actual cash value) and then compare this ratio to limits set either internally within the company and/or regulated and established by state law. It is also sometimes referred to simply as the *damage ratio*. Some states dictate how high this damage ratio needs to be in order to be able to declare a vehicle a "total loss" and be eligible for a [salvage](#) title or certificate. This is referred to as the *Total Loss Threshold (TLT)*. In order to total a vehicle, the total loss ratio must exceed the established percentage. If the TLT is not dictated by the state, an insurance company will usually default to something known as the Total Loss Formula (TLF) which is: In order to total a vehicle, the total loss ratio must exceed the established percentage. If the TLT is not dictated by the state, an insurance company will usually default to something known as the Total Loss Formula (TLF) which is: If the sum of the first two quantities is greater than the ACV, the car can be declared a total loss. As an example, a damaged 2002 Toyota Echo with 185,000 miles in good condition has an ACV of approximately \$2,800. Total repair costs are estimated at \$2,000, for a damage ratio of 72 percent. This car would be considered a total loss in Arkansas, where the TLT is 70 percent, but not in our recommended language at 80% the TLT is 80 percent. The TLF would be used and, if the salvage were worth \$700, the car would not be totaled ($\$2,000 + \$700 < \$2,800$).

In Nevada the same vehicle may reduce the amount by electrical components, thus making the vehicle required to have a clean title, rather than salvage, even though the estimate exceeds the actual cash value of the vehicle. Please refer to exhibits 2 and 3, and with the pleasure of the chairman, I will have our Auto Claims Manager explain after my testimony.



I have reached out to the Auto body association since September of 2017 to discuss this statute, and have been thru several iterations of the legislation. I have also had discussions with the Nevada DMV who provided me with sample model legislation, (Exhibit #4). Worked with the Dan Wulz of the Legal Aid Center of Southern Nevada who recommends that the threshold be reduced from 80% to 75 %, and worked with the Nevada DOI to amend the language in the legislation to comport with statutory language. This is also presented in NELIS, and I will walk the committee thru the bill and the proposed amendment

As you can see, the current statutory language is confusing, and while the vehicle will be determined to be an economical total loss, the title would be required to be issued clean, thus placing unsafe vehicles on the road. I thank the committee for considering **AB 368** and **ask the committee to vote yes.**

Regards
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