§ 20-109.1. Surrender of titles to salvage vehicles.

(a) Option to Keep Title. – When a vehicle is damaged to the extent that it becomes a salvage vehicle and the owner submits a claim for the damages to an insurer, the insurer must determine whether the owner wants to keep the vehicle after payment of the claim. If the owner does not want to keep the vehicle after payment of the claim, the procedures in subsection (b) of this section apply. If the owner wants to keep the vehicle after payment of the claim, the procedures in subsection (c) of this section apply.

(b) Transfer to Insurer. –

(1) If a salvage vehicle owner does not want to keep the vehicle, the owner must assign the vehicle's certificate of title to the insurer when the insurer pays the claim. The insurer must send the assigned title to the Division within 10 days after receiving it from the vehicle owner. The Division must then send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. If the insurer sells the vehicle, the insurer must complete the form and give it to the buyer. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title to the vehicle.

(2) If a salvage vehicle owner fails to assign and deliver the vehicle's certificate of title to the insurer within 30 days of the payment of the claim in accordance with subdivision (b)(1) of this section, the insurer, without surrendering the certificate of title, may, at any time thereafter, request that the Division send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. The request shall be made on a form prescribed by the Division and shall be accompanied by proof of payment of the claim and proof of notice sent to the owner and any lienholder requesting the vehicle's certificate of title. If the records of the Division indicate there is an outstanding lien against the vehicle immediately before the payment of the claim and if the payment was made to a lienholder or to a lienholder and the owner jointly, the proof of payment shall include evidence that funds were paid to the first lienholder shown on the records of the Division. The notice must be sent by the insurer at least 30 days prior to requesting the Division send the insurer a form to use to transfer title and must be sent by certified mail or by another commercially available delivery service providing proof of delivery to the address on record with the Division. Upon the Division's receipt of such request, the vehicle's certificate of title is deemed to be assigned to the insurer. Notwithstanding any outstanding liens against the vehicle, the Division must send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. The Division's issuance of the form extinguishes all existing liens on the motor vehicle. If the insurer sells the vehicle, the insurer must complete the form and give it to the buyer. In such a sale by the insurer, the motor vehicle shall be transferred free and clear of any liens. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title to the vehicle.

(3) Notwithstanding any other provision of law, with respect to a vehicle described in this subsection, the following shall be exempt from the requirements of notarization, including exemption from the notarization of electronic signature requirements of G.S. 20-52(c):

a. The transfer of ownership on the certificate of title.

b. Any power of attorney required in connection with the transfer of ownership to the insurer.

c. Any required odometer disclosure statement.

d. The application for a salvage certificate of title.
e. The transfer of ownership on the salvage certificate of title issued.
f. Any statement pursuant to subdivision (2) of subsection (b) of this section.
g. Any statement on the salvage certificate of title issued.

(c) Owner Keeps Vehicle. – If a salvage vehicle owner wants to keep the vehicle, the insurer must give the owner an owner-retained salvage form. The owner must complete the owner-retained salvage form and give it to the insurer when the insurer pays the claim. The owner shall execute the owner-retained salvage form with either a manual signature or an electronic signature. An electronic signature must comply with Article 40 of Chapter 66 of the General Statutes. The owner's signature is not required to be notarized. The insurer must send the completed form to the Division within 10 days after receiving it from the vehicle owner. The Division must then note in its vehicle registration records that the vehicle listed on the form is a salvage vehicle.

(d) Theft Claim on Salvage Vehicle. – An insurer that pays a theft loss claim on a vehicle and, upon recovery of the vehicle, determines that the vehicle has been damaged to the extent that it is a salvage vehicle must send the vehicle's certificate of title to the Division within 10 days after making the determination. The Division and the insurer must then follow the procedures set in subdivision (1) of subsection (b) of this section.

(e) Out-of-State Vehicle. – A person who acquires a salvage vehicle that is registered in a state that does not require surrender of the vehicle's certificate of title must send the title to the Division within 10 days after the vehicle enters this State. The Division and the person must then follow the procedures set in subdivision (1) of subsection (b) of this section.

(e1) Owner or Lienholder Abandons Vehicle. – If an insurer requests a used motor vehicle dealer, the primary business of which is the sale of salvage vehicles on behalf of insurers, to take possession of a salvage vehicle that is the subject of an insurance claim and subsequently the insurer does not take ownership of the vehicle, the insurer may direct the used motor vehicle dealer to release the vehicle to the owner or lienholder. The insurer shall provide the used motor vehicle dealer a release statement authorizing the used motor vehicle dealer to release the vehicle to the vehicle's owner or lienholder.

Upon receiving a release statement from an insurer, the used motor vehicle dealer shall send notice to the owner and any lienholder of the vehicle informing the owner or lienholder that the vehicle is available for pick up. The notice shall include an invoice for any outstanding charges owed to the used motor vehicle dealer. The notice shall inform the owner and any lienholder that the owner or lienholder has 30 days from the date of the notice, and upon payment of applicable charges owed to the used motor vehicle dealer, to pick up the vehicle from the used motor vehicle dealer. Notice under this subsection must be sent by certified mail or by another commercially available delivery service providing proof of delivery to the address on record with the Division.

If the owner or any lienholder of the vehicle does not pick up the vehicle within 30 days after notice was sent to the owner and any lienholder in accordance with this subsection, the vehicle shall be considered abandoned, the vehicle's certificate of title is deemed to be assigned to the used motor vehicle dealer, and the used motor vehicle dealer, without surrendering the certificate of title, may request that the Division send the used motor vehicle dealer a form to use to transfer title to the vehicle from the used motor vehicle dealer to a person who buys the vehicle from the used motor vehicle dealer. The request shall be accompanied by a copy of the notice required by this subsection and proof of delivery of the notice required by this subsection sent to the owner and any lienholder. Notwithstanding any outstanding liens against the vehicle, the Division must send the used motor vehicle dealer a form to use to transfer title to the vehicle from the used motor vehicle dealer to a person who buys the vehicle from the used motor vehicle dealer. The Division's issuance of the form extinguishes all existing liens on the motor vehicle. If the used

motor vehicle dealer sells the vehicle, the used motor vehicle dealer must complete the form and give it to the buyer. In such a sale by the used motor vehicle dealer, the motor vehicle shall be transferred free and clear of any liens. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title.

(f) Sanctions. – Violation of this section is a Class 1 misdemeanor. In addition to this criminal sanction, a person who violates this section is subject to a civil penalty of up to one hundred dollars ($100.00), to be imposed in the discretion of the Commissioner.

(g) Fee. – G.S. 20-85 sets the fee for issuing a salvage certificate of title.

(h) Claims. – The Division shall not be subject to a claim under Article 31 of Chapter 143 of the General Statutes related to the cancellation of a title pursuant to this section if the claim is based on reliance by the Division on any proof of payment or proof of notice submitted to the Division by a third party pursuant to subdivision (b)(2) or subsection (e1) of this section. The Division shall not be subject to a claim arising from an owner-retained salvage form submitted to the Division with an unverified manual signature or an electronic signature pursuant to subsection (c) of this section. (1973, c. 1095, s. 1; 1975, c. 716, s. 5; c. 799; 1983, c. 713, s. 94; 1989, c. 455, s. 5; 1993, c. 539, s. 350; 1994, Ex. Sess., c. 24, s. 14(c); 1995, c. 50, s. 3; c. 517, s. 33.1; 2013-400, s. 1; 2019-153, s. 6; 2021-185, s. 16.)