



# Rebuilt Report

*Providing Highway Safety and Security through Excellence in Service, Education, and Enforcement*

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OCTOBER 31, 2015

## Rebuilt Report

During the 2014 legislative session, Chapter No. 2014-181 (Senate Bill 754) directed the Department of Highway Safety and Motor Vehicles (Department) to submit a summary report to the Governor, President of the Senate, and Speaker of the House of Representatives on or before October 31, 2015, regarding certificates of title for rebuilt vehicles. Specifically, the legislation directed the Department to include recommendations to the Legislature to address any needed improvements to, and correct any problems with, the process used to issue certificates of title for rebuilt motor vehicles; and recommendations as to the need, and appropriate process, for inspecting the roadworthiness of rebuilt motor vehicles based on relevant data and data on crashes caused by vehicle defects involving rebuilt motor vehicles.

The legislation also amended s. 319.30, F.S. on issuing titles for rebuilt vehicles. Prior to July 1, 2014, when a vehicle was involved in a crash and the insurance company paid to replace rather than repair the vehicle, the insurance company took possession of the vehicle and utilized a specific calculation to guide title issuance. Vehicles valued over \$1,500 were subject to an equation to determine if the vehicle could be rebuilt and thus have a title brand reflecting this, or if a certificate of destruction would be issued for the vehicle. If the cost to repair the vehicle was at least 80 percent of the total value of the vehicle prior to the crash, then a certificate of destruction was mandated to be issued for the vehicle and it was not eligible for a rebuilt title. There are different guidelines for self-insured vehicles and mobile homes.

SB 754 revised statutory guidelines related to age and retail cost of the vehicle to determine whether that vehicle is eligible to be rebuilt by defining “late model vehicles,” and raising the value limit from \$1,500 to \$7,500. A late model vehicle is defined in s. 319.30, F.S. as a motor vehicle that has a manufacturer’s model year of 7 years or newer. Late model vehicles that have a value of at least \$7,500 still have the same calculation to guide title issuance as before, but the threshold to determine cost to repair the vehicle as compared to current value of the vehicle was raised from 80% to 90%. If a vehicle has a manufacturer’s model year of 7 years or newer, had a current value of at least \$7,500 prior to the incident, and sustained damage that resulted in the insurance company paying to replace rather than repair the vehicle, that vehicle could be rebuilt as long as the cost to repair the damage does not exceed 89% of the current value of the vehicle.

For the purpose of this paper, we define “early model vehicles” as vehicles that have a manufacturer’s model year of 8 years or older. If a vehicle has a retail cost of less than \$7,500 or is an early model vehicle, and has been “damaged, wrecked, or burned to the extent that the only residual value of the motor vehicle is as a source of parts or scrap metal,” (§319.30, F.S.), then they are not eligible to be rebuilt and must be issued a certificate of destruction. The insurance company makes this determination as part of their claims process.

Per the legislation, the Department analyzed the process for issuance of certificates of title for rebuilt motor vehicles including what effect the statute change had on the rebuilt vehicle population and applications for rebuilt title in Florida. There are currently 246,836 rebuilt vehicles registered in the state of Florida. The annual number of rebuilt vehicles branded increased after the new law went into effect July 1, 2014. Between FY2013-2014 and FY2014-2015, the number of newly branded rebuilt vehicles increased from 40,599 to 51,166, a 26% increase.

After studying the past and current processes and procedures for issuing certificates of titles for rebuilt vehicles, the Department has no recommendations for needed improvements or corrections to the current processes at this time. Additionally, legislation directed the Department to make recommendations as to the need and appropriate process for inspecting the roadworthiness of rebuilt motor vehicles based on relevant data and data on crashes caused by vehicle defects involving rebuilt motor vehicles.

**Table 1** shows the breakout of the defects indicated on the crash reports for crashes involving rebuilt vehicles. Approximately 2% of crash reports involving rebuilt vehicles indicate a vehicle defect however it cannot be assumed that a vehicle defect was the cause of the crash in all cases. Individually reviewing each crash report to see what was written in the narrative portion of the report would be the only way to ascertain if the defect was a causal factor in the crash.

**Table 1: Defect Breakdown For Rebuilt Crashes**

Type of Defect	2012	2013	2014	2015	Grand Total
No defect	9,642	11,410	13,530	12,149	46,731
Some defect	245	282	283	250	1,060
Tires	109	131	120	86	446
Brakes	46	48	60	46	200
Other, Explain in Narrative	43	45	41	62	191
Body, Doors	12	17	28	25	82
Steering	12	12	9	13	46
Power Train	8	8	6	3	25
Wheels	5	5	6	6	22
Lights (head, signal, tail)	4	6	7	4	21
Suspension	4	6	4	2	16
Windows/Windshield	0	2	1	2	5
Mirrors	2	0	1	1	4
Wipers	0	2	0	0	2
<b>Grand Total</b>	<b>9,887</b>	<b>11,692</b>	<b>13,813</b>	<b>12,399</b>	<b>47,791</b>

## Recommendations

It should be noted that the Department’s motor vehicle inspection process is designed to prevent the use of stolen parts and stolen vehicles in the rebuilding process and to assist law enforcement with the investigation of vehicle theft and related fraud, pursuant to §319.14(1)(b), F.S.. Florida’s rebuilt inspection process does not include a safety inspection of the rebuilt vehicle.

After studying the past and current processes and procedures for issuing certificates of titles for rebuilt vehicles, The Department has no recommendations for needed improvements or corrections to the current processes.

As of the date of this report, the Department only has one year of data to review subsequent to the recent statutory changes. At this time, we are unable to make any recommendations related to both the need and appropriate process for inspecting the roadworthiness of these vehicles without a more comprehensive data set. The Department respectfully recommends that the date of this study be extended through December, 2018 to allow the collection of additional data to review. The Department believes that this extension will facilitate a more thorough analysis to be presented to the Legislature for review.