

# MOTOR VEHICLE DAMAGE DISCLOSURE AND REPORTING REQUIREMENTS

The Insurance Federation of Minnesota (IFM) and Alliance of Automotive Service Providers - Minnesota (AASP-MN) have discussed and analyzed various statutory provisions relating to disclosure and reporting of motor vehicle damage. The objective of the Associations has been to see that automotive repair businesses and insurers have a common understanding of the various reporting thresholds and implications of reporting on titling of damaged motor vehicles.

Certain statutes relate to a consumer's obligation to report motor vehicle damage upon the sale of their vehicle. Other sections of state law relate to the issuance of a "Salvage Certificate of Title" under certain circumstances – when an insurer acquires ownership of certain vehicles through the payment of damages.

The statutes provide:

## **Consumer Disclosure of Damage**

When a consumer sells their motor vehicle which is less than six years old, they must notify a purchaser if the motor vehicle has sustained damage which exceeds 80% of the vehicle's actual cash value prior to sustaining damage.

## **Insurer Reporting to Department of Public Safety (Titling Requirements)**

An insurer who acquires ownership of a late-model (six years old or newer) or high-value (\$5,000 or greater) vehicle through payment of damages, must obtain or stamp the vehicle's title as a Salvage Title and notify the Department that the vehicle was acquired by an insurer through payment of damages, that the cost of repairs exceeded the value of the damaged vehicle; or the vehicle has an out-of-state salvage title as proof of ownership.

The statutes relate to consumer and insurer obligations. These are distinctly separate obligations since these statutory provisions are not cross-referenced to extend the consumer disclosure threshold to the reporting required of insurers.

The IFM and AASP-MN want to ensure that all parties understand the effect of these provisions and see that vehicles are not unnecessarily deemed a "total loss" due to misinterpretation of the statute.



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## STATUTE REFERENCES

### **168A.01 DEFINITIONS.**

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#### **Subd. 6a. High-value vehicle.**

"High-value vehicle" means a vehicle manufactured six or more years before the start of the current model year that had an actual cash value in excess of \$5,000 before being damaged, or a vehicle with a manufacturer's rating of over 26,000 pounds gross vehicle weight.

#### **Subd. 8a. Late-model vehicle.**

"Late-model vehicle" means a vehicle manufactured in the current model year or the five model years immediately preceding the current model year.

## INSURER REPORTING

### **168A.151 SALVAGE TITLE; JUNKING CERTIFICATE.**

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#### **Subdivision 1. Salvage titles.**

When an insurer, licensed to conduct business in Minnesota, acquires ownership of a late-model or high-value vehicle through payment of damages, the insurer shall immediately apply for a salvage certificate of title or shall stamp the existing certificate of title with the legend "SALVAGE CERTIFICATE OF TITLE" in a manner prescribed by the department. Within 48 hours of taking possession of a vehicle through payment of damages, an insurer must notify the department in a manner prescribed by the department.

***Summarized:** If an insurer acquires ownership of either a late model, or high value vehicle "regardless" of damages, they are required to apply for a salvage certificate. (Theft recovery exception applies.)*

## CONSUMER DISCLOSURE

### **325F.6641 DISCLOSURE OF MOTOR VEHICLE DAMAGE.**

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If a motor vehicle has sustained damage by collision or other occurrence which exceeds 80 percent of its actual cash value immediately prior to sustaining damage, the seller must disclose that fact to the buyer, if the seller has actual knowledge of the damage. The amount of damage is determined by the retail cost of repairing the vehicle based on a complete written retail repair estimate or invoice.

***Summarized:** If a vehicle is damaged beyond 80% of its preloss ACV, and the vehicle owner elects to repair or retain the vehicle, the insurer has no obligation to notify the Department of Motor Vehicles. The obligation to disclose damage becomes the vehicle owner's at the time of sale – if the vehicle is sold when it is less than 6 years old.*

## **325F.6644 APPLICATION.**

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### **Subdivision 1. Damage disclosure.**

Section [325F.6641](#) does not apply to vehicles that are six years old or older as calculated from the first day of January of the designated model year or to commercial motor vehicles with a gross vehicle weight rating of 16,000 pounds or more or to motorcycles.

*Summarized: Consumer damage disclosure does not apply to vehicles that are 6 years old or older from the designated model year, or on vehicles with a gross vehicle weight of 16,000 pounds or more.*