

FISCAL NOTE TO
SENATE, No. 336

STATE OF NEW JERSEY

DATED: JUNE 20, 1996

Senate Bill No. 336 of 1996 requires an automobile insurance company which provided collision or comprehensive coverage for a salvage vehicle to compile and attach to the vehicle a form, to be developed by the Division of Insurance Fraud Prevention, which lists all of the vehicle's component parts. The bill's intent is to ensure that component parts are not removed between the time a vehicle is determined to be a salvage vehicle and the time it is disposed of, either by sale or transfer.

This bill also requires that upon the sale or transfer of a salvage vehicle, the buyer or transferee shall report to the Division of Insurance Fraud Prevention any discrepancies between the list of component parts and the parts actually on the vehicle, and provides for penalties for noncompliance with this provision. Prior to taking possession, the buyer or transferee may request that a representative of the division physically inspect the vehicle to determine whether the component parts on the list are on the vehicle.

The Department of Insurance estimates that the implementation of this legislation would not result in the expenditure of State revenue, since the Division of Insurance Fraud Prevention is funded through annual assessments on the insurance industry. Nevertheless, the department does not anticipate an increase in the industry's assessment, as it expects the impact of this legislation on the department's administrative costs to be negligible. Additionally, the department states that since it has no way to determine the number of vehicles which will be sold or transferred without the required list of component parts, it is unable to estimate the revenue from fines which might be generated by this bill.

The Office of Legislative Services concurs with the department's conclusions, but notes that, given that there were approximately 39,000 titles issued for salvage vehicles in this State in 1995, the department's estimate of the impact of this legislation on its administrative costs may be underestimated, particularly if the Division of Insurance Fraud Prevention receives a large number of requests for its inspection services.

This fiscal note has been prepared pursuant to P.L.1980, c.67.