
CALIFORNIA AUTOBODY ASSOCIATION CAPITOL CHAPTER PRESENTATION



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BRANCH

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STORAGE FEES OUTREACH

- Since the passage of AB 2392 (Santiago, Chapter 434, statutes of 2018), BAR has provided guidance to the automotive collision industry on storage fees:
 - October 2018 and July 2022 BAG presentations
 - Spring 2019 and Fall 2022 ARSCN Newsletter articles
 - October 2021 public workshop on proposed storage fee regulations (on hold pending expanded statutory authority)
 - January and May 2022 PIFC Workgroup presentations
 - March 2022 discussion with APCIA/PIFC

CA VEHICLE CODE 22524.5

- Defines reasonable and unreasonable storage fees
- Reasonable fees are defined as:
 - Fees and rates that do not exceed those charged by a public agency
 - Comparable to storage-related rates and fees charged by other facilities in the same locale
- Presumptively Unreasonable fees include:
 - Administrative or filing fee (unless related to a lien sale)
 - Security fees
 - Dolly fees
 - Load and unload fees
 - Pull-out fees
 - Gate fees (unless release of the vehicle is requested outside regular business hours)

REVIEW OF STORAGE FEE GUIDANCE

- For an ARD to charge storage fees, they:
 - Must have a valid ARD registration
 - Must obtain and document the customer's authorization before performing work, and accruing charges
 - Can charge reasonable storage fees when those fees result from an accident or recovery of a stolen vehicle after a lien has arisen
 - Cannot charge for storage during the time the vehicle is undergoing repairs

REVIEW OF STORAGE FEE GUIDANCE

- When an ARD enters into a contract to perform a “teardown” they cannot assess storage fees until the teardown is complete, and the itemized estimate is provided to the customer
- A lien arises when an ARD completes the contracted repair and provides the customer the invoice, or 15 days after the completion of repair, whichever comes first
- A lien can also arise when an ARD takes possession of a vehicle for towing or storage purposes, prior to any contracted repairs
- When a lien arises, an ARD has a limited amount of time to file for authorization to conduct a lien sale with DMV

AB 294 (SANTIAGO) VEHICLE TOW AND STORAGE ACT

- On January 31, 2022, this bill died in the Assembly Appropriations Committee
- As introduced, this bill would have:
 - Created a 9-member Vehicle Towing and Storage Board within DCA
 - Required towing companies and others charging vehicle storage fees (including ARDs) to obtain a Vehicle Towing and Storage Permit
 - Solely defined reasonable storage fees as those charged by CHP or another public agency

AB 294 (SANTIAGO) VEHICLE TOW AND STORAGE ACT

- The Vehicle Towing and Storage Board would have:
 - Accepted and issued determinations on complaints from vehicle owners or insurance companies
 - Assessed penalties up to 4x the amount determined to be unreasonable – but not to exceed \$10,000
- Failure to comply with payment of the assessed penalty would have resulted in suspension of the Vehicle Towing and Storage Permit required for charging storage fees

STORAGE REFERRALS

- In response to insurance industry concerns about ARD storage fees and rates:
 - In January 2022, BAR created a dedicated email for insurance company referrals
 - BAR's Centralized Complaints Unit (CCU) reviews these referrals and any documents provided
 - After the initial review process, CCU contacts the repair facility to review and discuss the fees, and when appropriate makes recommendations based on any findings

RESULTS OF STORAGE FEE REFERRALS

- As of 12/22/22:
 - 249 referrals received
 - 39 pending review or response
 - 52 ARD storage fees reduced or eliminated including:
 - \$12,000 reduced to \$1,200
 - \$19,000 reduced to \$9,000
 - \$49,500 reduced to \$2,500
 - \$22,000 reduced to \$4,115

STORAGE FEE REFERRAL FINDINGS

- Several referrals resulted from adjuster/insurer delays in inspecting or picking up total loss vehicles
- 2 ARDs refused to talk to BAR representative; referred to BAR Field Operations
- 65 ARDs referred to BAR Field Operations for further investigation
- All ARDs educated on Business and Professions Code, provisions of Vehicle Code §22524.5, Civil Code §3068

REFERRAL OBSERVATIONS

- Delays in initial or supplemental inspections by some insurance companies is negatively impacting ARDs and consumers
- Delays in retrieving total loss vehicles by some insurance companies is negatively impacting ARDs
- Some ARDs are charging storage fees that are deemed unreasonable
- Some ARDs charging for storage when contracted to perform a “teardown” and/or repairs
- ARDs continue to treat the insurer as the customer when they are explicitly excluded from being the customer in an automotive repair transaction (BPC §9880.1(f))

QUESTIONS AND COMMENTS

Submit questions and/or comments to:

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