

**Before the United States Senate**

**Committee on Commerce, Science and Transportation**  
**Subcommittee on Consumer Affairs, Product Safety and Insurance**

**Hearing on Protecting the Consumer from Flooded and Salvage Vehicle Fraud**

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## **Description of Experian Automotive**

Experian Automotive delivers information solutions to manufacturers, dealers, lenders, insurance companies, and consumers. Experian helps automotive clients increase customer loyalty, target and win new business, and make better lending and vehicle purchase decisions. Its National Vehicle Database, housing information on more than 500 million vehicles, meets the industry's growing demand for an integrated information source. Experian technology supports several top automotive web sites including eBay Motors, CarsDirect.com, NADAguides.com and Yahoo! Autos.

One of Experian's key automotive solutions is its AutoCheck® Vehicle History Report. A Vehicle History Report is designed to help consumers and businesses make better vehicle purchase decisions by quickly and easily understanding potentially significant historical events for pre-owned vehicles manufactured in 1981 or later. Using the Vehicle Identification Number (VIN) and depending on the information reported to Experian, an AutoCheck vehicle history report can reveal frequency and location of title and registrations, past title brands, past accidents, and odometer history. Through its joint venture with The First American Corporation (leading provider of mortgage title insurance), Experian also offers consumers a vehicle title insurance policy (TitleGuard) that covers hidden title defects (e.g., water damage, salvage) with coverage up to the full purchase price of the vehicle.

AutoCheck Vehicle History Reports supply information about pre-owned vehicles from a multitude of data sources, including state departments of motor vehicles (DMVs), auto auctions, police accident reports, and salvage yards. AutoCheck is the volume leader in supplying vehicle history information to the automotive industry. Dealers, consumers and manufactures can easily access the AutoCheck information via the AutoCheck web site or other methods. AutoCheck offers toll-free telephone and email support to all clients should they have questions regarding any event in the vehicle's past.

## **How Experian Automotive Helps Prevent Vehicle Fraud**

Consumers who live thousands of miles from areas recently hit by hurricanes may think they have little to be concerned about, but those in the market for a used car are wise to take steps to protect themselves from purchasing a flood-damaged vehicle. Even if potential buyers are not in an area directly affected by a hurricane or flooding, cars often are repaired and shipped across the country in a matter of weeks, putting consumers at risk of buying damaged vehicles.

While it's too early to know exact numbers, some experts estimate nearly 500,000 cars have been damaged by Hurricanes Katrina and Rita. There are steps consumers can take to help protect themselves from unknowingly buying a car damaged by a hurricane.

One of the most important steps a car-buyer can take is to better understand the history of a car prior to purchasing it by obtaining a vehicle history report. A vehicle history report can tell potential buyers if the vehicle has severe flood damage, been branded "lemon" or

"salvage," if the vehicle has been in an accident, where and how many times the vehicle has been titled and the vehicle's odometer history.

Consumers can check a car's reported background by obtaining a history report from the seller or dealer or online through AutoCheck Vehicle History Reports. Consumers can enter a car's Vehicle Identification Number (VIN) at [www.autocheck.com](http://www.autocheck.com) and receive a detailed vehicle history report.

Experian recommends a thorough vehicle inspection be performed as well. We advocate consumer inspection tips from the National Automobile Dealers Association (NADA), to help detect significant water damage when buying a used car:

- Check the vehicle's title history;
- Examine the interior and the engine compartment for evidence of water and grit from suspected submersion;
- Check for recently shampooed carpet;
- Check under the floorboard carpet for water residue or stain marks from evaporated water not related to air-conditioning pan leaks;
- Look for rusting on the inside of the car and under interior carpeting and visually inspect all interior upholstery and door panels for any evidence of fading;
- Check under the dashboard for dried mud and residue, and note any evidence of mold or a musty odor in the upholstery, carpet or trunk;
- Check for rust on screws in the console or other areas where the water would normally not reach unless submerged;
- Check for mud or grit in alternator crevices, behind wiring harnesses and around the small recesses of starter motors, power steering pumps and relays;
- Complete a detailed inspection of the electrical wiring system, looking for rusted components, water residue or suspicious corrosion; and
- Inspect the undercarriage of other components for evidence of rust and flaking metal that would not normally be associated with late model vehicles.

By taking a few simple precautions when buying a used car, consumers can safeguard themselves from the frustration of wasting their hard-earned money on a flooded or damaged vehicle.

In the wake of the most recent hurricanes, Experian set out on an awareness campaign for dealers and consumers. Experian launched a cooperative effort with NADA designed to educate its members and build awareness of the large number of storm damaged cars that would be hitting the market after these catastrophes. Information was supplied about

how to identify and recognize a storm-damaged vehicle and a process was established so that dealers and others could report their own vehicles damaged by the storms. Our goal was to make this information available more quickly than the traditional reporting process through state DMVs. Experian is now making this information available to NADA members and consumers at no charge via its AutoCheck storm scan functionality, which includes three pieces of information:

1. Self-reported information on storm damaged vehicles from dealers and manufacturers.
2. Past vehicle title brands whether or not they are the result of a storm.
3. Title and registration history that reveals whether the vehicle has been titled or registered in areas affected by storm during the previous twelve months. If considering a purchase of one of these vehicles, Experian recommends a professional vehicle inspection.

Experian also provided state attorneys general offices with vehicle inspection tips and AutoCheck storm scan availability so they may educate their constituents regarding the risk of purchasing a storm damaged vehicle.

### **How Experian Works with AAMVA and Its Members**

Experian has enjoyed a good relationship with the American Association of Motor Vehicle Administrators (AAMVA) for many years. We are also an Industry Member with the 'sister' organization, Canadian Council of Motor Transport Administrators.

Experian supports AAMVA as an Associate Member and through our participation in the Industry Advisory Board. We have been in discussion with AAMVA for some time about how we may further support their efforts to combat title and vehicle fraud.

For the past several years, industry has developed assets and solutions for the marketplace that can be leveraged to support the National Motor Vehicle Title Information System (NMVTIS) initiative. For example,

- Experian currently receives vehicle data from all U.S. jurisdictions. A comprehensive data source is imperative in combating title and vehicle fraud.
- Experian has expended significant resources in analyzing, interpreting, validating, standardizing, and hosting this data to provide a comprehensive national database of vehicle data to be used in solutions and services. This process allows the data to be used in a 'common' format while retaining the specific content of the different sources.
- Experian has developed secure, flexible methods for distributing our vehicle history reports and services based on the needs of our partners and clients.

## **Public/Private Efforts to Improve Titling and Disclosure of Brands**

Experian welcomes the opportunity to work with government to provide critical information to consumers and business.

Experian Automotive has dedicated staff who are researching and analyzing potential data sources everyday. We are always looking for important data that can impact our AutoCheck report to the benefit of business and consumers.

Experian offers our AutoCheck services free of charge to law enforcement agencies to support their investigative efforts. We support organizations such as the National Odometer and Title Fraud Enforcement Association (NOTFEA), the International Association of Lemon Law Administrators (IALLA) and the Association of Traffic Safety Information Professionals (ATSIP).

Experian is also in discussion with the National Insurance Crime Bureau (NICB) to offer their Hurricane Affected Vehicle Database free of charge to consumers. This is an important opportunity to forge a partnership between public and private participants for the greater good.

Whether working with AAMVA, the state DMVs or other organizations, having comprehensive vehicle history information available at the point of purchase or titling a vehicle, or during an investigation, is critical to consumers, businesses, DMVs, law enforcement and others in combating title and vehicle fraud.

## **Issues Associated with Data Costs**

The high and unpredictable nature of our data costs from the state DMVs is one of our primary risks of doing business. Experian pays millions of dollars annually to the states for the right to collect and preserve this data. There are significant differences in pricing between the various state DMV organizations, and we've seen significant increases in pricing from year to year. In addition, in order for the data to continue to be useful, it is necessary to store and maintain the information for an indefinite period of time. Experian currently stores information on more than 500 million vehicles in our database.

Experian provides information solutions based on a national database of vehicle information. As a bulk data purchaser, we must aggregate data from all of the DMVs prior to offering our services and solutions (and beginning to recover costs).

To add to the business risk of our data cost, various state and federal laws and regulations greatly restrict what we can do with the records we purchase, which limits our ability to recover the cost of this data.

Finally, in addition to the cost of acquiring this data, we also expend significant resources interpreting, validating, aggregating, and standardizing the various state-specific file formats for use in our solutions.