



Car Buyers Get Protection Against Rebuilt Wrecks

Written On January 5, 2010 By [Bob Kraft](#)

An article in the Chicago Tribune reports on the [National Motor Vehicle Title Information System](#) that went into effect (finally) on January 1, 2010. This is a good resource that buyers of used vehicles should investigate before making a purchase. Here are excerpts from the article:

On New Year's Day a new federal system aimed at protecting consumers from buying rebuilt wrecks took full effect, only 17 years after the law requiring it was enacted.

The National Motor Vehicle Title Information System requires all states, insurance companies and junkyards to report vehicles that were stolen or so badly damaged they were written off. Consumers can then check that database before buying a used vehicle.

"This system could have a profound effect on auto safety and the way consumers buy cars, in general," said Deepak Gupta, a lawyer for Public Citizen, the consumer advocacy group.

About 2.5 million vehicles are "totaled" each year, but about 1.5 million of them are fixed and returned to the road, according to the latest study done for the Department of Justice in 2001. A national tracking system could prevent losses of \$4 billion to \$11.3 billion each year from such fraud, the study predicted.

Full participation will make it far harder for someone to take a vehicle so badly damaged its title was marked as "salvage" to another state to get a "washed" title that does not show the evidence of its history, federal officials say.

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“People are not going to be able to get away with auto fraud as easily if this information is out there and available in one place,” said Gupta.

Federal officials say Carfax and Experian are valuable to consumers and provide some things that the federal system may not, but they can’t match the amount of information from insurers, making the system “the most reliable source of information.”

A 1992 law called for its establishment. However, it became operational only last year after three consumer groups — Public Citizen, Consumers for Auto Reliability and Safety, and Consumer Action — made a federal case out of it.

Early in 2008 they sued the government, saying it had endangered consumers by failing to carry out the 1992 law. In September 2008, a federal district judge in San Francisco agreed and gave the Department of Justice a series of deadlines.

The system began this year, with all insurance companies and junkyards required to report. Consumers can visit www.nmvtis.gov and check a vehicle for as little as \$2.50. Carfax and Experian fees start at \$34.99 and \$24.99, respectively.

And it still isn’t clear why it took so long to get the system up and running.

Some consumer advocates argue the insurance industry lobbied against it.

Though the industry denies it would have any part in putting people it insures into dangerous vehicles, State Farm Mutual Automobile Insurance Co., for one, agreed to pay about \$40 million in 2005 after 49 state attorneys general said the insurer failed to brand the titles of 30,000 wrecked vehicles. State Farm did not admit to any impropriety and said it brought the problem to the attention of officials after an internal review “could not confirm” that some totaled vehicles had their titles properly marked to warn consumers.