

March 14, 2024

Chairman Joseph J. Solomon
House Corporations Committee
State of Rhode Island General Assembly
82 Smith Street
Providence, RI 02903

Dear Chairman Solomon:

On behalf of CARFAX, Inc., I would like to extend my appreciation to you and the Committee for your careful consideration of House Bill 7605, which seeks in limited fashion to update Section 27-9.1-4 of the Unfair Claims Settlement Practices Act. As you may be aware, CARFAX, Inc. has been offering timely and comprehensive vehicle history information to consumers for nearly 40 years. Our mission today is much the same as it was then, to ensure that consumers have access to vehicle history information that may inform their car-buying decision on matters related to safety and value of pre-owned vehicles. It is this mission that acts as our guide in serving consumers at all stages of a vehicle's lifecycle, including a vehicle's ownership, service, sale and end of life, and it is this mission that guides us as we support amendment of the Unfair Claims Settlement Practices Act via House Bill 7605.

The Unfair Claims Settlement Practices Act was introduced to protect Rhode Island citizens by improving transparency and ensuring fairness in automobile total loss payouts. At the time, total loss valuation services available to users were not objective, meaning the valuation could be manipulated, and denied consumers transparency around how the value was calculated. This resulted in an influx of consumer complaints due to inadequate and unintelligible total loss claim payouts. After passage of the act, consumer complaints diminished, however, this legislation was constructed in such a way to permanently exclude all vehicle valuation providers except NADA and Kelly Blue Book. Unfortunately, in doing so, this has had the unintended effect of precluding Rhode Island consumers from accessing and benefiting from new and more consumer-oriented services related to total loss valuation.

In 2020, CARFAX introduced the Total Loss Valuation Report, providing credibility, transparency, and verifiability to the total loss settlement process. This report is approved or available for use in 48 states as well as the District of Columbia and utilizes CARFAX History-Based Value (HBV), a product that has been in the market since 2015. CARFAX HBV provides the consumer with a VIN-specific valuation based on elements including, but not limited to, the vehicle's unique trim and options characteristics and prior damage history. Most importantly, CARFAX HBV is publicly available and widely used within the automotive and consumer markets ensuring information symmetry.

In addition to the use of CARFAX HBV, the CARFAX Total Loss Valuation Report also offers a feature to consumers that is not only unique, but gives the consumer added confidence when settling a claim; access to live, in-market comparable vehicles. The comparable vehicles offered to consumers are live listings of vehicles in their current local market and conform with both the unique vehicle characteristics and history of the vehicle subject to the claim. This feature not only helps to expedite the process for the consumer, but it serves as the ultimate proof test of the already transparent report.

For the past 18 months, CARFAX has engaged constructively with a variety of interested stakeholders throughout the State of Rhode Island including the Department of Business Regulation, the collision repair interests and the insurance interests as we sought a balanced approach to legislation that would enable regulatory review of CARFAX HBV. During the course of those conversations, several charges were made clear; 1.) any legislation offered should be narrow enough to preclude the re-emergence of bad actors in the vehicle valuation space, 2.) any legislation offered should ensure that consumers are empowered not only through competition in the vehicle valuation space, but most importantly through publicly available valuation information and 3.) that any legislative proposal offered should conform with DBR regulations to ensure proper scrutiny and oversight of our submittal. We believe strongly that this proposal accomplishes all three of these charges.

Given both the thoughtful and balanced approach taken with this legislation, as well as the benefit to consumers in Rhode Island, we would ask for favorable consideration of House Bill 7605. While we recognize that this legislation will only grant CARFAX HBV the opportunity to seek review by the Department of Business Regulation, it represents an important first step towards empowering consumers in Rhode Island seeking accurate vehicle valuation information. Thanks so much for your support of House Bill 7605.

Best Regards,

Chris Neal
Director, Government Relations
CARFAX, Inc.