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Public Registry for Wrecks Is Back on Track

By CHRISTOPHER JENSEN

On Monday a federal judge ruled in favor of consumer groups and gave the government a deadline to finally implement a law Congress passed in 1992.

Three consumer groups sued Attorney General Michael B. Mukasey in February, asserting the government's failure to carry out the law had jeopardized the safety of consumers.

Under the ruling, insurance companies, salvage yards and junkyards will be required — by the end of next March — to provide information on vehicles so badly damaged by floods, fires or crashes that they are written off.

That information is to go into a national database that consumers can use to avoid being victimized when purchasing used vehicles.

Forcing the insurance companies to turn over that information will be a terrific thing for consumers, said Bernard E. Brown, a lawyer in Fairway, Kan., who specializes in automotive cases.

"It is all these years later, but finally, first and foremost we are breaking the dam of insurance secrecy about wrecked cars," Mr. Brown said.

The insurance industry has denied any antisocial motives in keeping such information from consumers.

David F. Snyder, vice president and assistant general counsel for the American Insurance Association, said the information is for the use of the insurance companies. "It wasn't collected for purposes of public disclosure," he said.

The consumer groups were Public Citizen of Washington; Consumers for Auto Reliability and Safety of Sacramento; and Consumer Action, of San Francisco. The suit, filed in the United States District Court for the Northern District of California in San Francisco, asked that the court set dates for the law to be implemented and order the Justice Department to meet them.

Monday in San Francisco Judge Marilyn Hall Patel heard the Justice Department's request that the suit be dismissed.

The government did not dispute that it had failed to implement the law. But it argued it could be trusted to implement the National Motor Vehicle Title Information System without court-ordered deadlines.

Judge Patel ruled from the bench and rejected the government's request.

She also ordered:

¶ The government finalize its plan for how the program will work by January 30, 2009. Monday in the Federal Register the Justice Department unveiled a proposed rule specifying how the system would work and asking for public comment.

¶ Insurance companies, salvage and junk yards must begin providing information on all salvage vehicles by March 31, 2009. Consumers must have access to that information.

Deepak Gupta, a lawyer for Public Citizen, said that he was surprised the ruling came at the end of the hearing but it means consumers will get help sooner.

In its proposed rule, the Justice Department had set a target of June 2009 for the insurance companies to start providing information. But that could easily have changed. In its filings the government noted that while there was no legal requirement for a new administration to review the plan it would be a good idea.

Rosemary Shahan, the president of Consumers for Auto Reliability and Safety, praised the government's plan as being good for consumers. "They put a lot of thought into this," she said.

But she added that a court-ordered deadline was necessary.

"We need to keep the heat on," she said.

Mr. Snyder, of the insurance association, said that there are so many variables and inconsistencies among state laws — and so many definitions of what constitutes a salvage vehicle — that such a system won't solve all consumers' problems, and will be an expense for the insurance industry.

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