

Robert Godfrey
220 Pinecrest Drive
North Kingstown, RI 02852

Department of Administration
ATTN: Catherine Warren
One Capitol Hill, 4th Floor
Providence, RI 02908

RE: CARFAX Total Loss Valuation Service Application

April 18, 2020

Dear Ms. Warren,

I am writing to advise you that the CARFAX Total Loss Valuation Service does not meet the requirements of R.I. Gen Laws §27-9-1-4(25) when they claim to be a “nationally recognized compilation of retail values commonly used by the automotive industry”. They fail to qualify for some of the following reasons:

- CARFAX Total Loss Valuation Service is a new product just released. They made this announcement on June 25, 2019 through a press releases where they stated that *“the new product helps adjusters considering total-loss claims”*. In such a limited time period it would be impossible for CARFAX to have already established their new product to be a *“nationally recognized compilation of retail values commonly used by the automotive industry”*.
- Wikipedia defines CARFAX, Inc. as “a commercial web-based service that supplies **vehicle history reports** to individuals and businesses on used cars and light trucks for the American and Canadian consumers” and **“The CARFAX Vehicle History Report is the company’s core product”**.
- The consumer does not have direct access to the CARFAX Total Loss Valuation Services. On page 10 of the CARFAX presentation included in their application (Question 15 – Are your valuation reports available to the public?) it was stated “The CARFAX Total Loss Valuation tool is only available to insurers with a subscription to CarfaxForClaims.com, however it is expected that the total loss adjuster will provide a copy of the valuation report to the owner of the loss vehicle”. The fact that they used the word “expected” is troubling.
- The name of the Service (CARFAX Total Loss Valuation Service) is a clear indication that CARFAX is targeting and promoting this product to the insurance sector and not that of the automotive industry and consumers as a whole. If it was a service used to establish just retail values it would NOT have included the words “Total Loss” as part of the name of this service. This is a service that clearly is filling the needs of just the insurance industry.
- CARFAX reports that consumers can access the CARFAX History-Based Value at no cost. This is misleading. By entering basic information a value can be obtained; however, if the consumer wants to know how the history of the vehicle will affect the value of their vehicle they will be prompted to select the CARFAX REPORT BUTTON. Once selected CARFAX will attempt to sell this vehicle history information for \$39.95.

The fundamental starting point of any insurance property damage claim is to first establish a "fair market value" of the vehicle in question. This would include the insurance appraiser, the collision shop, and the owner of the vehicle. This is important because the value of the vehicle must be known in advance and it should be available for all parties concerned. There comes a point where mathematically a vehicle enters the total loss range. All parties must be able to make informed judgements and decisions. R.I. Gen Law § 27-9.1-4 (25) (i), (ii), (iii) give direction on this matter. The NADA and KBB value guides have been the bedrock for providing a reliable and trusted source of "fair market values" that all parties have relied upon for generations from the beginning of a claim to resolve. Before a vehicle is deemed to be a total loss the owner of the vehicle, the collision shop, and insurance appraiser have already independently established a "fair market value" of the vehicle in question by their reliance upon the NADA or KBB. The last person to become aware that any given vehicle is a "total loss" is the adjuster. If the adjuster is then independently using some other unproven source to establish a "fair market value" this only confuses the matter. Experience tells us that when questionable resources are used to determine "fair market values" the consumer will suffer. Their only option is to file a complaint with the DBR. With just the NADA and KBB used to establish "fair market values" these types of complaints are not an issue. This is because both of these sources are well established, recognized and respected within the automotive industry.

In 1974 I became a Rhode Island licensed Auto Damage Appraiser and to this date I still hold this license. I do have a wealth of knowledge to draw upon on this particular subject that spans 7 decades. I can tell you that the "vehicle history reports" provided by CARFAX are commonly used and respected by both the automotive industry and the public as a whole. However, their new "total loss evaluation" service is NOT "*a nationally recognized compilation of retail values commonly used by the automotive industry*". It has yet to prove itself in this respect.

The Rhode Island consumers should not be subjected to this type of untried and unproven service that is only now becoming available and offered exclusively to the insurance industry.

Sincerely yours,



Robert Godfrey