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Consumer ALERT

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Used Car Buyers: Beware of Hurricane Flood-Damaged Vehicles

Consumers in the market for a used car should be on alert for flood-damaged vehicles that may have originated from the Gulf states. As a result of Hurricanes Katrina and Rita, thousands of submerged vehicles were abandoned in Louisiana, Mississippi, Alabama, and Texas, and were shipped to other parts of the country through car wholesalers. Taking these extra precautions can save you time and money when buying a used vehicle:

1. Buyers Beware!
While most states require vehicle titles to indicate flood damage, some wholesalers may intentionally transfer titles to avoid having the damage noted and diminish the value of the car.

2. Looks can be deceiving

While the car may look perfectly fine on the surface, there could be hidden defects that are not immediately noticeable. Flood damage can compromise the car's computer and safety mechanisms, which pose significant safety hazards to the new owner.

3. Do your own inspection

Take the time to inspect the car for yourself:

- Check the engine for a high water mark on the block or radiator, which is a clear indication that the car has been flooded.
- Look for rust or corrosion on wires and other components under the hood.
- You should also be suspicious if the carpet smells damp and of mildew.

4. Consider where you buy

- Flooded vehicles oftentimes end up at car auctions.
- Shop at a reputable dealership.

5. Ask questions

Before buying the car, ask the dealer to obtain a report with a detailed history of the car. You should also consider taking the car to a qualified mechanic to inspect the vehicle thoroughly.

Comprehensive vehicle history reports are produced with the vehicle identification number (VIN) and are available for a fee from a variety of sources, including:

- Carfax (www.carfax.com)
- Auto Check (www.autocheck.com)
- Consumer Guide (consumerguide.com)

The National Association of Insurance Commissioners is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The overriding objectives of state regulators are to protect consumers and help maintain the financial stability of the insurance industry.

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