

Flood-Damaged Cars from Hurricane Katrina May Show up on a Used Car Lot Near You

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The I.I.I. Offers Tips to Avoid Buying a "Flooded Car"

INSURANCE INFORMATION INSTITUTE

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NEW YORK, March 2, 2006-An estimated 500,000 cars were damaged by hurricanes last year. Unfortunately, many of these vehicles have been purchased by dishonest auto dealers, cleaned up and then sold, with their flood damage history illegally hidden, according to the Insurance Information Institute (I.I.I.).

Unscrupulous salvage operators and dealers often try to conceal the fact that the vehicles they are selling have been damaged by a natural disaster, according to the National Insurance Crime Bureau (NICB).

To prevent this type of fraudulent resale of cars to unsuspecting consumers around the country, the NICB has been helping law enforcement groups and insurance companies identify and catalogue vehicles damaged by the 2005 hurricanes.

"By creating a registry of damaged vehicles that consumers can access when purchasing a used car, the potential for this type of fraud can be greatly reduced," said Robert M. Bryant, president and CEO of the NICB.

The NICB has compiled a database of vehicles affected by Hurricanes Katrina, Rita and Wilma, which offers a free search of any car's vehicle identification number (VIN), so used-car buyers can learn more about the history of the car and whether it has been involved in a claim related to Hurricane Katrina. Consumers can access this service from the NICB home page (<http://www.nicb.org>).

"To avoid inadvertently purchasing a flood-damaged car, it is important that you only buy a used car from a reputable dealer, have a certified mechanic look for flood damage and check the car's VIN number," noted Jeanne M. Salvatore, senior vice president and consumer spokesperson for the I.I.I.

The I.I.I. suggests you be on the lookout for the following indicators that a car may have been flooded:

- Mildew, debris and silt in places where it wouldn't normally be found, such as under the carpeting in the trunk, or around the engine compartment
- Rust on screws and other metal parts
- Waterstains or faded upholstery; discoloration of seat belts and door panels
- Dampness in the floor and carpeting; moisture on the inside of the instrument panel
- A moldy odor or an intense smell of Lysol or deodorizer being used to cover up an odor problem

If consumers suspect that their local car dealer is committing fraud by knowingly selling "flooded cars" as regular used cars, they should contact their insurance company, local law enforcement agency or the NICB at 800-TEL-NICB.

Cars damaged by flooding, fire or wind are covered under the comprehensive portion of an auto insurance policy, according to the I.I.I.

A VNR, "Flooded Cars," can be viewed at /static/video/mediaplayer/katrinacars.wmv .

For more information about insurance, go to the I.I.I.'s Web site: <http://www.iii.org> .

The I.I.I. is a nonprofit, communications organization supported by the property/casualty insurance industry.

The NICB is the nation's premier nonprofit organization exclusively dedicated to fighting insurance fraud and vehicle theft for the benefit of its member companies and the public through information analysis, criminal investigation support, training and public awareness.

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