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Before the Subcommittee on Commerce,
Manufacturing and Trade, Committee on
Energy and Commerce
U. S. House of Representatives
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On H.R. 5648, a bill to Repeal Subsection (c) of Title 49, Section 32302

Madam Chair and Members of the Subcommittee, my name is Joan Claybrook. I am President Emeritus of Public Citizen and former Administrator of the National Highway Traffic Safety Administration.

I am here today to testify in opposition to the proposed bill to repeal an important consumer information law, subsection (c) of Title 49, Section 32302. This section of the statute provides consumers with comparative information, across vehicle makes and models, on the cost to repair crash damage. Auto dealers are attacking it as obsolete and wasteful. Dealers claim that consumers never ask for the booklet that is printed by the National Highway Traffic Safety Administration (NHTSA) and sent to dealers each year listing "Relative Collision Insurance Cost Information".

First, let's lay to rest the issue of the absence of consumer requests for the booklet. I have no doubt that consumers don't ask for the booklet. They don't ask for it because they do not know it exists. How could they ask for something they don't know anything about?

This consumer information requirement has suffered from a veritable conspiracy of silence. Neither dealers nor NHTSA make any effort to inform consumers about its existence or usefulness. It's a self-fulfilling problem. The real question is whether consumers want information about differences in insurance costs for different makes and models of passenger vehicles based on differences in damage susceptibility and crashworthiness.

Has the National Automobile Dealers Association (NADA) has ever surveyed consumers to ask this question? Apparently not. Would anyone in this room want to speculate about how consumers would respond to that question? There is no doubt that consumers want accurate information about the cost to repair a vehicle they are considering buying because repair costs are a huge part of the expense of owning a car .

Consumers are concerned about car insurance and repair costs just like they are concerned about gasoline prices. Every member of Congress knows how sensitive consumers are about gasoline costs. Why hasn't the gas tax been increased in recent years despite the funding needs of the Highway Trust Fund? It hasn't because members don't want to touch such a consumer sensitive issue. And yet, members are willing to eliminate consumer access to key information about vehicle damageability costs, most likely because consumers are not aware of this program.

It is interesting to note that in today's economy cost information such as vehicle damageability is all the more important to consumers struggling to stay afloat financially. Indeed, NADA on April 30, 2012 attacked NHTSA's fuel economy standards alleging that increased costs will make new cars unaffordable for millions of buyers with lower incomes. But while dealers used cost to attack fuel economy standards, but ignore cost savings to consumers as they attack HLDI ratings.

And there can be no doubt that the best place for consumers to get and evaluate collision damage information is at the point of sale—at the dealership. That is why the Congress passed this law in 1972 requiring dealers to distribute the information, and why in 2005 Congress added a requirement that information from NHTSA's New Car Assessment crash tests be listed on the Monroney price sticker on each new car now sold—so that consumers would have the information before making their purchase, while they are considering all the factors, including price and safety performance. What new information does this Congress or NADA possess which is persuasive and documents that consumers don't want such information at the point of sale?

I can understand why car dealers want to keep consumers in the dark about insurance collision cost information. Dealers want to sell the cars they have on their lot. If consumers have access to information about a vehicle that might show expensive repair costs and that discourages a sale, the dealer might lose a customer and a sale.

But it's important to remember that a satisfied customer is a repeat customer. Unfortunately, the reaction of dealers is not to inform and help their customers. Instead, they just want to eliminate such information from the point of sale with the misleading argument that consumers don't request it.

Dealers claim the current law is a waste of money. But their bill would have NHTSA continue to collect and publish the comparative collision insurance cost information, and merely publish it on the internet, not have it at the point of sale. Much of the cost of this program clearly rests with NHTSA's collection and analysis of the information—not just with sending a copy to each dealership. In its 1991 proposed rule, and 1993 final rule, NHTSA determined that the economic effects of the requirements "are minimal". It stated that shipping costs would be about \$2.50 per dealership. I would also point out that in comments to the NHTSA docket on the 1991 proposed rule, no commenter, including the auto dealers, specifically

addressed or objected to the costs of any of the distribution options outlined in the proposed rule.

If dealers want to cut the government costs of distributing the information, they could receive it by e-mail and reproduce copies in their dealership for pennies. Why have the dealers not made this recommendation? In fact, NHTSA in its 1991 proposed rulemaking on this issue suggested such an alternative—either having the manufacturer or trade associations representing dealers make the booklets available to dealers or have the government supply a sample booklet to each dealer which would make copies for consumers.

Having NHTSA put the information on the internet will do little to inform consumers in the throws of deciding which car to buy when they are in the showroom. Technical and price information must be available to consumers at the point of sale to be effective.

The dealers claim the current law is obsolete. But what is obsolete about getting collision insurance cost information by make and model before you buy a new car? As NHTSA pointed out in its proposed rulemaking in 1991, insurance data applicable to the collision portion of the insurance premium, provided by the Highway Loss Data Institute (HLDI), on average represents about 40 to 50 percent of the total premium cost. The dealers' whole claim for eliminating the statutory requirement rests on consumers not asking for the information at the dealership, an issue that is totally within the dealers control and authority to remedy.

This attack by the auto dealers on consumer information about collision damageability is not the first time the NADA has tried to undermine this program. As noted in the March 5, 1993 final rule, NHTSA asked NADA to allow the agency to use its list of dealerships to expedite mailing the insurance cost booklet to dealers but NADA "declined to cooperate". Finally NHTSA was forced to get the dealer list used by the Department of Energy to distribute the "Gas Mileage Guide."

Also, with regard to the obligation of dealers to make consumers aware of the insurance cost booklet, NHTSA agreed with Advocates for Highway and Auto Safety in 1991 comments on the proposed rule that Sec. 201(e) "affirmatively encourages the dissemination of insurance cost information to consumers". In its 1993 final rule NHTSA stated that "To ensure consumer awareness of the availability of the information, dealers may choose to follow the procedures similar to those they currently use for displaying the EPA "Gas Mileage Guide" or may utilize wall posters or other media displays in the dealership *to announce* that the information is available." (Emphasis supplied). I would be interested to know if any dealership that is a member of NADA displays the booklet as NHTSA intended.

In comments to the NHTSA proposed rule of September 13, 1994, Advocates for Highway and Auto Safety stated that "NHTSA has an obligation to assure that comparative damageability cost information is provided to potential purchasers at

vehicle dealerships. Advocates has anecdotal information that indicates that the insurance cost information is not being made available to consumers in many showrooms. This is exacerbated by the fact that the general public is not even aware that the information should be available from the dealer. The agency should investigate the availability of the cost information and require that dealerships display and distribute the information to consumers. Only through such action can the agency assure that the cost information will be provided to all consumers and that it will be factored into consumer purchasing decisions. Assuring that insurance cost information is seen and obtained by every prospective purchaser will advance the agency's information policies."

Apparently NHTSA ignored this sage advice while the dealers continued to avoid affirmatively providing it the information to consumers.

It is important to note that the HLDI data show significant differences among makes and models of vehicles, but NHTSA's booklet explains that insurance prices vary based on other data as well and that consumers should check with their insurance company on the costs of coverage overall. That alone is important information for consumers to have and to consider in buying a new car.

In addition, consumers would benefit from NHTSA testing of bumper and overall vehicle damageability performance. Such performance data by make and model (similar to New Car Assessment Program (NCAP) data on safety performance) would be a great addition to NHTSA's HLDI booklet. Rather than falsely tear down the existing information available to consumers, the NADA should suggest ways in which such consumer information could be improved. The dealers could start by providing a copy of the booklet with the comparative damageability information to each customer.

Overall, reputable polls show that consumers crave specific and clear information about the performance of vehicles before making a purchase. The efforts of the auto dealers to deny ready access of consumers to damageability data runs completely contrary to what consumers in fact want.

Let me suggest the dealers respect their customers and work to get them more vehicle performance information, and support safety improvements for consumers, rather than automatically opposing government programs that help families make the second most expensive decision most consumers will make in their lives.

Thank you for the opportunity to testify.

