



U.S. Department of Justice

Office of Justice Programs

Bureau of Justice Assistance

Washington, D.C. 20531

November 3, 2010

RE: Federal Enforcement of Requirements Regarding Insurance Carriers

Dear Business Owner:

Reporting of information on junk and salvage vehicles to the National Motor Vehicle Title Information System (NMVTIS)—supported by the U.S. Department of Justice (DOJ)—is required by federal law, and by doing so you play an integral role in DOJ's efforts to prevent fraud, reduce theft, and potentially save the lives of consumers who might otherwise unknowingly purchase unsafe vehicles. As of today, over 21 million salvage or total loss records have been reported by approximately 8,000 registered reporting entities. Although the number of records reported is encouraging, DOJ has been informed that some entities are not reporting because, as it has been explained, they claim to be uncertain of the NMVTIS requirements or they do not believe the requirements will be enforced. For these reasons, DOJ is pursuing additional outreach to ensure that all reporting entities are notified of the reporting requirements, methods for reporting, DOJ enforcement efforts, and penalties for non-reporting, including substantial civil penalties.

NMVTIS Reporting Requirements for Insurance Carriers

An insurance carrier includes any individual or entity that meets the federal definition, found in 49 U.S.C. § 30501. According to that definition, an insurance carrier is "an individual or entity engaged in the business of underwriting automobile insurance." The DOJ promulgated NMVTIS regulations in January 2009 (they are available at <http://edocket.access.gpo.gov/2009/pdf/E9-1835.pdf>). Under those regulations, by no later than March 31, 2009, all insurance carriers were required to report information to NMVTIS, consistent with the Anti Car Theft Act of 1992 (Public Law 102-519), the Anti-Car Theft Improvements Act of 1996 (Public Law 104-152), and the implementing regulations themselves (28 CFR part 25). While these laws and regulations are the definitive source of NMVTIS reporting requirement information, other explanatory information is also available via www.vehiclehistory.gov, including frequently asked questions and a contact e-mail address for further questions. DOJ has communicated regularly about NMVTIS and its reporting requirements through many of the insurance, auto dealer, recycler, and salvage industry associations, and a letter was recently sent to these associations asking them to notify their members of the commencement of DOJ's enforcement efforts.

In summary, these laws and regulations require all insurance carriers (as defined above) to report to NMVTIS an inventory of all automobiles of the current model year or any of the four prior model years that the carrier, during the past month, has obtained possession of and has decided are junk or salvage automobiles (including automobiles determined to be a "total loss"). The inventory must contain the following information:

1. The name, address, and contact information for the reporting entity (insurance carrier);
2. VIN;
3. The date on which the automobile was obtained or designated as a junk or salvage automobile (including those determined to be a total loss);
4. The name of the individual or entity from whom the automobile was obtained and who possessed it when the automobile was designated as a junk or salvage automobile; and
5. The name of the owner of the automobile at the time of the filing of the report.

Methods for Reporting the Required Information to NMVTIS

DOJ and the NMVTIS operator, the American Association of Motor Vehicle Administrators (AAMVA), partnered with the private sector to provide multiple reporting methods to meet the business needs of reporting entities. Currently, there are four reporting methods or services available, offering individual VIN and batch reporting options. At least three service providers offer a **no-cost** per-transaction program as well as enhanced reporting services. More detailed information on these reporting options can be found at: www.vehiclehistory.gov/nmvtis_auto.html.

NMVTIS Enforcement

The NMVTIS statute includes an enforcement provision requiring DOJ to impose and collect penalties for those junk yards, salvage yards, and insurance carriers that fail to meet their reporting obligations pursuant to the Anti Car Theft Act as amended. Since January 2009, DOJ has focused its attention on development and implementation of NMVTIS, rather than actively pursuing enforcement against entities that are in violation of their reporting obligations. However, it is clear that maintaining the integrity of the system and the data within it counsels us to begin more active enforcement efforts. As a result, our enforcement efforts have begun, and staff assigned to examining and investigating potential violations are making site visits to entities that are required to report to NMVTIS and advising these entities of violations. Our efforts will focus on reporting since April 2009 as well as current and future reporting.

Failure to report to NMVTIS as required may result in a civil penalty of \$1,000 **per violation**. Accordingly, for example, a failure to report 100 junk or salvage automobiles (including automobiles determined to be a "total loss") could result in a civil fine of up to \$100,000. Insurance carriers are responsible for ensuring all required information has been reported to NMVTIS accurately and within the timelines required. DOJ is not obligated to perform a site visit or provide additional time to provide data or correct reporting deficiencies before imposing any penalty. If you wish to notify DOJ of an entity that should be reporting but is not, please e-mail nmvtis@usdoj.gov and include "Non-reporting Referral" in the subject line of the message.

Additional information regarding the NMVTIS reporting requirements, policy clarifications, frequently asked questions, and a public database to check reporting status of a junk yard, salvage yard, or insurance carrier can be found on the NMVTIS web site: www.vehiclehistory.gov. If you have questions or require clarification of the reporting requirements, you may e-mail us at nmvtis@usdoj.gov and include "Reporting Requirement Question" in the subject line of the message.

Thank you for meeting the reporting requirements required by law and for helping to prevent crime in your community. If you have any additional questions that I can answer, please contact me at todd.brighton@usdoj.gov

Sincerely,



Todd J. Brighton
NMVTIS Enforcement Coordinator



Enclosure