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| *News Bulletin*  ASA News Release   |  |  | | --- | --- | | **Contact:** | Barrett Smith  (813) 657-6705 [Barrett@AutoDamageExperts.com](mailto:Barrett@AutoDamageExperts.com) | | **For Release:** | Immediate News Bulletin  January 20th, 2016 |   **Auto Damage Experts (ADE) Warns Against Insurer Attempts to Use CARFAX Information to Resolve Diminished Value Claims**  **CARFAX Information Misused**  Tampa, FL January 20th, 2016; Auto Damage Experts, Inc. (ADE) has learned whereas a national insurer has attempted to employ and utilize erroneous information as a means of attempting undervalued settlements in claims for diminution in value.  In a recent correspondence to a consumer/claimant, an Allstate Insurance claims person offered a diminished value claim settlement which was supported upon information obtained from a portion of CARFAX vehicle history report referred to as “History Impact”. Content of the insurer’s letter is as follows:  ***Enclosed for your records is a copy of your vehicle’s CarFax Vehicle History Report which indicates the value of your vehicle is worth an amount + $60.00 above retail book value.”***  CARFAX had augmented their Vehicle History Reports with what they refer to as “History Impact”. In a July, 2010 reply to ADE’s inquiry in this regard CARFAX stated in part:  ***“The CARFAX History Impact is not the same as diminished value”.*** (emphasis added)  ***The CARFAX History Impact is a tool that analyzes millions of used car transactions to measure how the combination of all the information reported to CARFAX impacts the value of a particular vehicle.*** ***“Unfortunately, we cannot tell you the specific data on our report that has lead to the suggested price adjustment on our report. There are over 100 different vehicle history attributes used in our process to determine how a car’s history affects its value. Accidents, service records, number of owners and many other history factors can impact a vehicle’s value.”***  ***“The CARFAX History Impact is based on a car’s retail book value which refers to the average value in the market for a particular year, make and model vehicle. The CARFAX History Impact refines the book value to be specific to a particular vehicle.”***  “Simply stated; “Diminished Value”, as related to auto damage claims, is the difference between the value of a vehicle before a loss, to its value after, or after corrective repairs are undertaken” states Barrett Smith, AAM, founder and President of Auto Damage Experts, Inc. “Due to the many variables including, but not limited to a vehicle’s care and maintenance, use, history, type and severity of sustained damages and the manner and thoroughness of the performed repair, there is no viable or accepted ‘cookie cutter’ method or formula to accurately determine a vehicle’s diminution in value. Each case is unique and based upon its specific merits.”  “We believe, as do most qualified experts, that without a comprehensive physical inspection of a once damaged and repaired vehicle there is no viable way of determining a vehicle’s pre-loss condition and value, nor would it be possible to effectively evaluate the quality and thoroughness of performed repair as is necessary to determine its actual post loss/repair value. Because CARFAX does not perform physical inspections, and merely relies upon information made available to them, there is no way an effective means of determining diminished value can be made utilizing their “History Impact” adjustment; and based upon their [CARFAX] response to our questions in this regard, they agree.”  “A prime example is a past claim involving a 2008 Ferrari F430 Spyder (one of four in special color and trim) which sustained damage/repair in excess of $7,500.00 involving minor structural damages. According to the “CARFAX Historical Impact” adjustment, it was suggested that this $260,000.00 vehicle actually enjoyed an increase in value of $620.00 based on the known history! This is in direct contrast to the nearly $27,000.00 loss in value as determined by ADE of which was subsequently paid, in full by the at-fault party’s insurer.”  “CARFAX will be the first to state that they rely upon available records and may not have all the facts of vehicle’s past, and since they do not perform actual inspections of vehicles, they have little information on a vehicle’s actual condition at any given time. This is why CARFAX recommends, that prior to purchase, used vehicles be inspected by a qualified professional and taken for a test drive prior to buying a used vehicle.  “While ADE believes CARFAX does offer a viable service in providing a level of vehicle historical information; it would appear that this insurer is attempting to employ this most basic information in their attempt to settle diminution in value claims. This would be a distinct disservice to the insurer’s policyholders and would fail to indemnify claimants for their economic losses in this regard. It may also be in direct opposition to most state regulatory agencies governing the actions and performance of insurers as to protect consumers.”  “Auto Damage Experts, Inc. is concerned inasmuch as employment of such inaccurate information will inhibit the unwary claimant’s ability to recover equitable indemnification for their remaining economic losses and cause undue delays in claim settlements.”  Smith states: “While Auto Damage Experts believes the historical information provided by CARFAX may be beneficial in determining a vehicle’s pre-loss value, they ([ARFAX] has stated for the record that the monetary adjustment “is not the same as Diminished Value”; thus there is no legitimate basis for a vehicle’s diminution in value to be based solely or partially upon such information.”  ADE is concerned whereby this information may be used to harm consumers and would like to see CARFAX state within their reports that the “History Impact” does not constitute diminished value and should not be used as a basis for the settlement of such claims..  For more information in this and other auto damage and repair related issues please visit the ADE website @ [www.AutoDamageExperts.com](http://www.AutoDamageExperts.com) or e-mail: Info@ AutoDamageExperts.com  ### |