

Testimony of Mr. Joe LaFeir, Senior Vice President, IHS Automotive

**House Energy & Commerce Subcommittee on Commerce, Manufacturing & Trade
Legislative Hearing on VIN Database and Auto Whistleblower Bills**

Sept. 25, 2015

Chairman Burgess, Ranking Member Schakowsky, and members of the Subcommittee, I appreciate the opportunity to testify before you on the staff draft entitled the “Improving Recall Tracking Act.” I appear before you in my capacity as Senior Vice President of Information Systems and Solutions for IHS where I lead the company’s automotive data solutions business, which includes recall processing.

IHS’ foundation in the auto industry reaches back to the advent of automobiles when, in 1921, Ralph Lane Polk worked with Alfred P. Sloan, General Motor’s CEO, to publish statistical information on cars and trucks. Since then, R. L. Polk & Co., which was acquired by IHS in 2013, has worked with nearly all manufacturers to facilitate the recall process. IHS remains the industry leader in vehicle recall data processing for most manufacturers of passenger vehicles, motorcycles, RV components and heavy trucks.

The draft “Improving Recall Tracking Act” proposes to establish a national database of VIN and driver registration information to facilitate efforts by automakers to notify affected consumers of motor vehicle defects and safety recalls. As with many good ideas, the private sector has already developed a highly effective and robust solution, and so the legislation simply directs the Federal Government to attempt to replicate what already exists. If enacted, the legislation would limit innovation and use taxpayer funds to create a federally run database that would be less efficient and likely less capable than current market solutions.

Today, the private sector’s real-time data processing is accomplished utilizing best-in-class system technologies. Using well-advanced processes developed over decades of innovation, companies like IHS can process billions of vehicle transactions each year from tens of thousands of sources and thousands of file formats.

Companies like IHS also employ thousands of people, many of whom solely process vehicle data or create the systems required to do so. IHS acquires, standardizes, enhances and assembles the data to create the mailing list to identify the last known or current owner who will receive the recall notice. We assist with fulfillment of the recall notice and the measurement of the campaign through its completion, providing real-time reporting of the status of recall campaigns to our OEM customers. Further, following the completion of the recall notice mailing we gather open recall information that we provide to the public through our subsidiary CARFAX and its vehicle history report service. CARFAX provides VIN-level vehicle history reports to consumers, dealers and thousands of other public and private entities, leveraging over 92,000 data sources to develop a vehicle history database with over 15 billion records. Working with the vehicle manufacturers, CARFAX broadcasts open recalls to millions of used car buyers and sellers every day. CARFAX provides free recall checks (www.carfax.com/checkrecalls.cfx) and alerts (www.carfax.com/recall.com) to consumers and works with dealers, auctions and other entities for batch processing of VINs to search for open recalls.

This bill would require registration information to be gathered from each state and updated within 7 days of a subsequent registration. We acquire data from all US jurisdictions and their systems capabilities vary greatly. At present, a weekly update of registration data from all states would not be possible. In addition, three percent of the state registration files we receive trip our quality validation check which prevents it from being loaded into our database. Companies like IHS use registration data as just one data point amongst its many other proprietary sources to determine the best possible address for the last known or current owner of a recalled vehicle. As proposed, this database would not provide the same level of near real time data that we can provide in the private sector today.

In addition, the draft bill contemplates inclusion of e-mail addresses for purposes of recall notification. Given that an e-mail address is not required to register a vehicle, the coverage of e-mail addresses from registration data will be very low, if captured at all. IHS currently utilizes proprietary data sources to provide e-mail addresses or phone numbers to provide a call to an owner to supplement a recall notice.

Our experience suggests that, using private sector data solutions during recall campaigns, we are now able to identify and provide addresses for the vast majority of car owners. While there may be exceptions, the recall notification return mail rates are typically in the single digits. We are also able to identify cars that no longer are on the road or cars that have been exported to other countries which reduces the population of vehicles requiring recall notice. Again, this is another instance where the private sector is efficiently providing services that exceed the bill's requirements.

In a few years, with the advent of the "connected car" and telematics, the majority of vehicles in operation will be able to relay open recalls directly to vehicle owners, making any potential taxpayer investment into a new federal VIN recall database now particularly unnecessary. I submit that as technology progresses, a critical focus in this area should be placed on addressing why after receiving notice of a defect, some consumers get them remedied while others do not.

Chairman Burgess, Ranking Member Schakowsky, and members of the Subcommittee, the effort contemplated by the legislation, while well intended, does not create a better solution than what currently exists. In an era where federal budgets are limited, this bill would direct NHTSA to attempt to duplicate a product and service that the market, using private capital, created decades ago. The private sector continues to innovate, as we are incentivized to do, going well beyond the requirements of the legislation.

I appreciate the invitation to testify and look forward to an opportunity to assist the Subcommittee further on this matter.