

October 25, 2019

Jonathan Charles Morrison  
Chief Counsel  
National Highway Traffic Safety Administration  
U.S. Department of Transportation  
1200 New Jersey Avenue SE.  
West Building, Ground Floor  
Room W12-140  
Washington, DC 20590-0001

**Re: National Highway Traffic Safety Administration (NHTSA) 49 CFR Part 580  
[Docket No. NHTSA-2019-0092] Electronic Motor Vehicle Transactions Systems,  
Request for Comment**

Chief Counsel Morrison:

The National Association of Mutual Insurance Companies ("NAMIC") appreciates the opportunity to provide comments regarding the notice and request for comment set forth above Request for Comment.

NAMIC consists of more than 1,400 member companies, from local and regional mutual-insurance companies on main streets across America, to many of the country's largest national insurers. NAMIC member companies write \$268 billion in annual premiums per year and account for 59 percent of the homeowners-insurance market, 46 percent of automobile-insurance market, and 29 percent of the business-insurance market. Through our advocacy programs, we promote public-policy solutions that benefit both NAMIC member companies and the policyholders they serve. NAMIC also seeks to foster greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual-insurance companies.



On October 2, 2019, NHTSA issued a final rule<sup>1</sup> to amend prior regulations governing transactions made on paper titles and similar documents. The new rule allows odometer disclosures to be made in a purely electronic environment or through using paper documents that are scanned and converted into electronic form and stored in a state data system. This final rule also added new sections containing specific additional requirements only applying to electronic disclosures to ensure the secure creation and maintenance of electronic records. NHTSA also amended the mileage disclosure exemption to vehicles that are 20 years old or older.

Several days before the final rule was published in the Federal Register, NHTSA requested comments<sup>2</sup> on September 27, 2019 on the nature and scope of these potential benefits for States, consumers, and other stakeholders such as dealers and insurance companies; any interest or plans among States in moving towards paperless systems; and what resources and guidance may be needed to assist States to transition to purely electronic systems. NAMIC's comments here are in response to that September request for comments.

Until the publication of the October 2 final rules, Federal law prohibited electronic odometer disclosures except in and to the extent that a subset of States that had received specific NHTSA exemptions. Now that NHTSA has lifted this general prohibition, NHTSA estimates that there are at least 48.5 million transactions involving odometer disclosures completed annually by motor vehicle dealers and private parties through private party that will benefit from the October 2 final rules. NHTSA further anticipates that States may be interested in moving towards completely electronic transactions for motor vehicles. NHTSA requests comment on the steps the agency can take to assist States in determining whether and how best to implement such procedures.

NAMIC applauds NHTSA's goal of increasing efficiency, protecting consumers and removing needless and burdensome regulations. NAMIC is particularly gratified that NHTSA accepted the suggestion NAMIC made in its original May 2106 comments to NHTSA on the then-proposed odometer rule "that NHTSA convene State representatives and other interested parties to identify who is impacted by these proposals and to get input from these interested parties to provide a more practical solution." We are appreciative of NHTSA's acceptance of that requirement of collecting the state and other stakeholder's opinions to develop an effective national solution.

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<sup>1</sup> National Highway Traffic Safety Administration, Department of Transportation Final Rule on Odometer Disclosure Requirements, 49 CFR Part 580, [Docket No. NHTSA-2019-0089], RIN 2127-AL39, Federal Register Vol. 84, No. 191, Wednesday, October 2, 2019 at 52664 <https://www.govinfo.gov/content/pkg/FR-2019-10-02/pdf/2019-20360.pdf>

<sup>2</sup> National Highway Traffic Safety Administration, Department of Transportation Request for comments 49 CFR Part 580 [Docket No. NHTSA-2019-0092] Electronic Motor Vehicle Transactions Systems, Federal Register Vol. 84, No. 188, Friday, September 27, 2019 at page 51090 <https://www.govinfo.gov/content/pkg/FR-2019-09-27/pdf/2019-20454.pdf>



While the final rule published October 2 made significant strides in facilitating electronic transfers of titles, it still potentially sets up a system of inconsistent state requirements that may create roadblocks for consumers who have suffered a loss and are trying to get back on the road.

The problem is likely to be exacerbated following severe weather events where many vehicles are declared a total loss requiring insurers to process a larger amount of title transfers. Rather than relying on inconsistent state processes, NHTSA should consider exempting total loss transactions from the reporting requirements, particularly where the vehicle will be sold as parts only or destroyed. As part of relaxing the odometer recording process for these salvage situations, consideration could be given to providing similar flexibility to insurers that is extended to dealers, distributors, and lessors. Ultimately, such a relaxation of standards could lead to customer friendly electronic “portals” for total loss customers to report odometer readings to the insurance company in a total loss situation.

The September 27 request for comments specifically asks what benefits purely paperless transactions will have for stakeholders, including insurance. The efficiency of electronic transactions has been proven in virtually every business today. Consumer preferences are evolving and insureds increasingly expect to be able to review their policy documents and complete all transactions electronically and without contacting a company directly. Insurers must adapt and be able to effectively provide, validate and manage all types of online documentation and permit e-signature to survive in a highly competitive financial services market.

In the past, insurance companies prepared and mailed policies to policyholders and prospective policyholders, who had to sign the documents in ink and mail back the completed policies, to then be mailed to the home office for recordkeeping and maintenance. It could take weeks for policy paperwork to be issued, completed, validated – assuming proper delivery and handling – with the extent and the coverage of the policy in questions prior to finalization. Today, technology enables policies to be available on the web, signed with an e-signature and emailed by home personal computer or even by phone. Policy coverage that could take weeks to finalize can now be negotiated and closed on the same business day.

Automating the process for starting policies and servicing policies enables more effective management of all stages of the process and reduces human error and lost or misplaced documentation. Automated notifications enable all parties to understand each step of the process and online document tracking provides better and quicker service. When the policyholder and all relevant insurer personnel can be simultaneously aware of a transaction’s status in real time, there is a clear improvement to faster and more efficient closings and claims management.



An October 2019 J. D. Power study<sup>3</sup> concluded that the investments made by insurers in claim digitization and internal process improvements are resulting in shorter cycle times and an improved overall claim experience. The amount of time it takes from the first notice of loss to the return of the vehicle to the customer has been cut and preference for digital status updates during the course of a claim has increased.

NAMIC member companies are mutual insurance companies where the policyholder and not the shareholder is the primary and only concern. Electronic documents and signatures provide policyholders with quicker and more effective insurance services. Policyholders can quickly scan and sign documents, and jump start policies or claims, all the while retaining their own copies of all relevant documents. Electronic signatures can provide a higher level of security due to the use of encryption and privacy processes that are accessible only to an individual user and electronic solutions provide an audit trail and complete document history

NAMIC commends NHTSA for this effort to remove obstructive and needless regulations and will support NHTSA in continuing these efforts. NAMIC is interested in working with NHTSA in the consideration of this and future insurance related developments with our existing data and analysis capabilities as well as solicitation of further information from interested and willing NAMIC members, in furtherance of NHTSA's responsibility to try and mitigate the burden on businesses.

If you have questions or comments, also please feel free to contact me at 202-628-1558, tkarol@namic.org.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'TKarol'.

Thomas Karol  
General Counsel  
National Association of Mutual Insurance Companies  
122 C St NW, Suite 540  
Washington, D.C. 20001

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<sup>3</sup> Press Release, Auto Insurance Claims Satisfaction Reaches Record High as Carriers Refine Time-Consuming Processes, J.D. Power Finds, available at <https://www.jdpower.com/business/press-releases/2019-us-auto-claims-satisfaction-study>