



Kansas Insurance Department

Sandy Praeger

COMMISSIONER OF INSURANCE

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Commissioner Sandy Praeger Issues Warning for Used Car Buyers

TOPEKA, KS – Insurance Commissioner Sandy Praeger is warning Kansans who are shopping for used cars to take a few extra precautions. While flood-damaged cars are not often found in Kansas, right now consumers should be on alert.

As a result of Hurricane Katrina, thousands of automobiles were abandoned as waters continued to rise, and those vehicles sat underwater for days. Even though such vehicles are technically considered a total insurance loss, some of them could be marketed for sale in Kansas and other states.

Flood-damaged cars are often sold at scrap prices, but some unscrupulous entrepreneurs may clean them up and resell them to unsuspecting buyers. The vehicles may look good on the surface, but their computer and safety mechanisms may be compromised and pose safety hazards to the new owner.

“It is important that used car buyers be extra cautious right now,” said Praeger. “Consumers should do a little extra investigating if deals or prices seem too good to be true. That could be a warning signal for damaged property. Even when vehicles look clean and to be in good condition, there may in fact be hidden defects that could pose danger to buyers down the road.”

Commissioner Praeger also recommends working with a reputable car dealer. Robert Donovan of Donovan Auto and Truck Center in Wichita offers this advice, “Before you buy, make sure you ask the dealer selling the car to obtain a Carfax Discrepancy Report for you, or take the car to a qualified mechanic that you know and trust. A trained mechanic will be able to look for signs of water damage that won’t be obvious to the buyer or won’t appear on the title.”

Insurance companies usually purchase damaged vehicles from policyholders, declare them “totaled” and then sell them at auction to be resold for parts, many of which will still be suitable for use in other cars and trucks.

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The following tips are things consumers should be aware of to protect themselves from purchasing a flooded car.

- Flooded vehicles oftentimes end up at auctions.
- Flooded cars may have lower asking prices, so be suspicious.
- Look at the engine; if there is a high water mark on the block or radiator, it's been flooded.
- Look for rust or corrosion on wires and other components under the hood.
- Look at the carpet in the car. If it's been replaced, then chances are it was replaced due to flooding.
- Look in the trunk; are the jack and tools rusty? Is the well for the spare tire wet and rusted? If it is, most likely the car was in a flood.
- Smell the carpet. If it smells damp and musty, be suspicious.
- If you see a "Flooded" title, don't even consider the purchase no matter how good the vehicle may look.
- Closely examine titles, which can be altered, falsified or laundered through another state.

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About the Kansas Insurance Commissioner

Sandy Praeger, Kansas Insurance Commissioner, oversees the activities of the Kansas Insurance Department (KID) which is headquartered in Topeka, Kansas. The overriding objective of Commissioner Praeger and KID is to protect consumers, and help maintain the financial stability of the insurance industry. KID regulates and monitors the activities of 23,000 resident agents, 48,000 non-resident agents and 1,684 insurance companies licensed to do business in the state of Kansas. The Department offers financial, actuarial, legal, computer, research, market conduct and economic expertise. Visit www.ksinsurance.org for more information.