



U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

Auto Theft-Resistance Study

Evaluation of the Effectiveness of Specific Theft-Resistance Measures

A REPORT TO CONGRESS

April 1992

AUTO THEFT-RESISTANCE STUDY

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of Specific Theft-Resistance Measures**

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TABLE OF CONTENTS

I.	Introduction.....	1
II.	Federal Legislation	6
	A. Parts Marking.....	7
	B. Recommendation For Improving Parts-Marking Effectiveness	9
III.	Installation of Antitheft Devices By Automotive Manufacturers	11
	A. Listing of Exempted Car Lines and Description of Antitheft Systems Installed.....	17
	B. Antitheft Systems Voluntarily Installed By Manufacturers Prior to Model Year 1987.....	21
	C. Recommendations For Manufacturer Installed Antitheft Systems	25
IV.	Aftermarket Antitheft Systems.....	27
V.	Automobile Dealer's Theft Prevention	36
	A. Recommendation For Automotive Dealers	38
VI.	Rental and Leasing Companies Theft Prevention	39
VII.	State Programs Which Address Motor Vehicle Theft.....	42
VIII.	Insurance Industry.....	50
IX.	Theft Related Insurance Fraud	52
X.	Conclusions and Recommendations	59
	A. Actions by the Federal Government.....	60
	B. Suggestions for Automotive Manufacturers and Dealers.....	60
	C. Actions by Automotive Insurers.....	61
	D. Useful Actions by State and Community Law Enforcement Groups	62
	E. Actions to Alert Consumers	63
XI.	Appendices	
	A. Synopsis Of The March 1991 Report To The Congress	65
	B. Glossary of Definitions	71
	C. Letter to Customs.....	72

I. INTRODUCTION

The Senate and House Committees on Appropriations have directed the National Highway Traffic Safety Administration (NHTSA) to conduct a study to identify and evaluate methods by which vehicle manufacturers and dealers can make vehicles more resistant to theft. The Committees also requested that the study evaluate the effectiveness of specific theft-resistance measures. It should include an evaluation of benefits in terms of accident avoidance, insurance loss avoidance, and other benefits; an evaluation of costs; and an evaluation of technological feasibility. This study should include specific recommendations for manufacturers and dealers on steps they should take to reduce vehicle theft. The Senate and House Conferees have also requested that this report be expanded to include actions by others who have a significant role in reducing such thefts, including law enforcement agencies at all levels of government, and an assessment of the effectiveness of state automobile theft prevention programs.

This report responds to the request by the Senate and House. As requested, it attempts to identify and evaluate methods by which vehicle manufacturers, dealers, rental and leasing companies, insurance companies, the consumer, law enforcement agencies at all levels of government and others can make vehicles more resistant to theft. This report encompasses such antitheft methods as the Federally mandated parts-marking of vehicles,

standard equipped car lines with antitheft systems, and also addresses the aftermarket antitheft devices/systems that are currently available, from window decals being offered in a number of states and jurisdictions to the highly sophisticated tracking systems being used in a few areas. The information for this report was derived from NHTSA's own data, and from communications with the insurance community, the National Automobile Dealers Association, rental and leasing companies, the automotive industry, law enforcement agencies, and manufacturers of the automotive security products. Additionally, this report provides recommendations to further thwart motor vehicle theft.

For the vast majority of people, one of the largest purchases, after the purchase of a home, is a motor vehicle. According to the Uniform Crime Report for 1990, more than 1,600,000 motor vehicles were stolen in the United States in 1990. The total economic loss resulting from these thefts was over \$8 billion dollars, with an average dollar loss per vehicle stolen of approximately \$5,000. As these figures indicate, motor vehicle theft is a problem of large magnitude and affects many of us.

An auto theft occurs every 22 seconds in the United States. Motor vehicle theft increased 5 percent nationally from 1989 to 1990, and continues to be the crime reported at the highest rate, with three-fourths of these thefts brought to the attention of

the police by the victims¹. During 1990, the greatest number of motor vehicle thefts occurred during the months of July, August, and October and the least during February². Historically, motor vehicle thefts most often take place at night, between 12 midnight and 6 a.m.³

Consumers have become more aware of motor vehicle theft, because of its continual increase. Over 50 percent of the victims lose 1 to 5 days from work as a consequence of the theft.

As motor vehicle theft continues to rise, so will the demand for various antitheft safeguards. Antitheft devices encompass a wide range of effectiveness and cost. They run the gamut from the simple add-on systems requiring minimal physical effort for installation, to complex and sophisticated antitheft/recovery systems. The prices for these devices/systems also vary considerably, from approximately \$5 for parts-marking and \$35 for simple add-on devices to over \$1,500 for the complex sophisticated antitheft systems.

Unfortunately, there exists no simple "silver bullet" which can suddenly eliminate or significantly reduce auto theft. One

¹ DOJ; Bureau of Justice Statistics; Criminal Victimization 1990

² FBI; Uniform Crime Reports and National Crime Information Center

³ Ibid.

reason that no single fix can be universally effective is that there are various motives that lead to car theft, and each motive inspires a different breed of law-breaker. It is estimated that between 10 and 16 percent of all thefts occur in order that parts be removed and sold for profit (the so called "chop shop" operations). An additional 9 to 25 percent are believed to be related to insurance fraud and estimates of theft for export range from 4 to 17 percent⁴. In addition, theft of cars for joy riding is on the increase, particularly in the milieu of economically depressed urban areas. Other reasons for stealing cars include a need for transportation (often associated with other crimes) and a desire to obtain expensive stereo equipment (often for selling same to buy drugs).

Each of the chapters in this report discusses the steps which have already been implemented, and suggests further actions and recommendations to ameliorate auto theft in the future. Each section deals with a separate area where action is possible, e.g., Federal legislation, implementation of auto theft systems, other actions by automobile manufacturers, actions by automotive dealers, actions by rental and leasing companies, actions by the insurance industry, possible actions by State and community law enforcement, and action by vehicle owners/operators and community groups. Suggested improvements are included in each chapter and

⁴ NHTSA; Report to the Congress - Auto Theft and Recovery - March 1991

a summary of the various recommendations are given in the
Conclusions and Recommendations section.

II. FEDERAL LEGISLATION

Ever since the first few motor vehicles rolled off the assembly line, auto theft has been a major concern. In 1919, the National Motor Vehicle Theft Act was enacted. This Act was known as the "Dyer Act." It put into law a penalty for the crime of transporting a stolen motor vehicle(s) across a state line... Since then, the only significant Federal legislation which has been promulgated to deter vehicle theft is the Motor Vehicle Theft Law Enforcement Act of 1984.

The Motor Vehicle Theft Law Enforcement Act of 1984 (Theft Act; Pub. L. 98-547) added Title VI to the Motor Vehicle Information and Cost Savings Act. The Theft Act was designed to reduce the incidence of motor vehicle thefts and parts stolen from vehicles while minimizing the cost increase which the consumer would have to bear. Title VI required the Department of Transportation to complete promptly a series of rulemaking actions designed to mount an attack on motor vehicle theft. The Theft Act required the promulgation of a theft prevention standard; additionally it addressed criminal penalties; exportation of stolen vehicles; and comprehensive insurance premiums. Subsequently, all rulemakings required by the Theft Act have been promulgated.

A. Parts Marking

The issuance of the theft prevention standard requires that manufacturers inscribe or affix vehicle identification numbers or symbols on original manufactured parts of designated likely high-theft lines of passenger cars, and replacement parts for those lines. The following 12/14 parts are required to be marked: engines, transmissions, fenders (left and right), doors (two or four) rear quarter panels (left and right), bumpers, hood, decklid/tailgate or hatchback. Congress limited the standard to passenger cars only and it does not pertain to other classes of vehicles. This standard was initiated for Model Year (MY) 1987 and thereafter. For MY 1990, of the approximately 8,700,000 passenger cars produced, 3,600,000, or 41 percent, were designated likely high theft and were either parts marked or had installed as standard equipment an antitheft device. The parts-marking provision of the Act was designed to facilitate the tracing and recovery of parts from stolen vehicles. As such, these provisions will be effective only for eliminating some of the thefts that are motivated by chop-shop profit and have no effect on reducing thefts for other reasons, such as joy riding and insurance fraud. A comprehensive report to the Congress on the effects of the Theft Act (March 1991) concluded that the differences in theft rates between marked and unmarked cars (after applying an adjustment for trends which existed before parts marking was implemented) were statistically insignificant. The report went on to state that the relationship between car

theft claims and comprehensive insurance premiums is tenuous, thus preventing premiums from being a useful measure of effectiveness. Theft claims represent only a portion of comprehensive claims, and losses stemming from other types of claims may be considered in setting premium rates.

The March 1991 Report to Congress on the Theft Act did show that the theft rate of marked high-theft car lines increased by only 3.4 percent after parts marking whereas the unmarked low-theft car lines increased by 13.5 percent over the same period. But, as pointed out in that report, it was necessary to correct for the relative trends for these two types of car lines for the years prior to parts marking, and when that correction is made, the difference is not statistically significant. Since only one year has elapsed since the comprehensive report on parts marking was written, additional data are still insufficient to reach a firm conclusion on the effectiveness of parts marking in reducing theft. As the March 1991 report states, "high and low theft car lines represent different populations. Motives for stealing cars in high theft lines may differ from those leading to thefts in low theft lines. For example, joy riding or fraud may be more of a factor in one line than another. As a result of this, available theft data, which are not broken down by motives, provide only an imperfect basis on which to draw conclusions on the effectiveness of the Theft Act. This is true because the

is far more likely to affect thefts for profit than other types of theft."

Despite the fact that the effectiveness of the theft prevention standard cannot be ascertained from analysis of available data, it seems logical to presume that parts-marking would help reduce "chop shop" operations. Anecdotal evidence can be cited to support this view. Law enforcement personnel at all levels endorse the parts-marking law and believe it has provided them with a valuable tool. For the most part, these groups strongly support the existing provisions of the standard and favor extending its coverage to non-passenger vehicles. On the other hand, it must be concluded that expanding the use of parts-marking will raise the cost of implementing the regulation, and will also require added costs for effective enforcement, without conclusive evidence that thefts will actually be reduced.

B. Recommendations For Improving Parts-Marking Effectiveness

Parts-marking is a relatively low cost action with the intended purpose of reducing thefts that are motivated by profit. The following recommendations are presented for improving parts-marking effectiveness.

1. As proposed in the March 1991 Report to Congress, the Department continues to recommend that the statute be amended to allow it to establish a median theft rate every year based upon more current year data than the median theft

rate established for MYs 1983/84. (See Synopsis of March 1991 Report to Congress, Appendix A.)

2. Also as proposed in the March 1991 report, the Department recommends that the statute be amended to give it authority to redesignate high-theft car lines as likely low theft if the car line's theft rate has decreased to below the median. Again, a detailed rationale for this recommendation is contained in the March 1991 report, summarized in Appendix A.
3. We propose to continue monitoring the current passenger car parts-marking program to determine whether additional data that becomes available in the future may provide a definitive evaluation of its effectiveness.

III. INSTALLATION OF ANTITHEFT DEVICES BY AUTOMOTIVE MANUFACTURERS

As a further theft deterrent, the Theft Act aimed to encourage the installation of antitheft devices as standard equipment in factory-delivered passenger cars. To accomplish this, the Theft Act allowed for an exemption from the parts-marking requirements for certain car lines, with an additional two car line limit per model year for each manufacturer. This exemption is allowed if a manufacturer petitions for an exemption for a car line in which it has installed as standard equipment an antitheft device which the Secretary of Transportation has determined is "...likely to be as effective in reducing and deterring motor vehicle theft as compliance..." with parts marking.

Antitheft devices installed as standard equipment on car lines that manufacturers have received exemptions for, have many features in common. All are so-called passive systems, which means that the system engages automatically without any extra action by the motorists. Such systems are automatically activated by removing the key from the ignition and locking the door. Sensors that are located in the doors, hood, trunk, and key cylinders activate alarms when an unauthorized entry is attempted. All systems have a starter or ignition interrupt and power (battery) protection. All systems which were granted exemptions in full have an audio and/or visual alarm system, i.e., horn blowing and/or lights flashing for a pre-determined

amount of time. The systems granted in-part do not have the audio/visual alarm system, and therefore, the engines and transmissions are required to be marked in addition to the installation of the approved antitheft system.

Contrasted with the passive systems described above are so-called active systems, in which the operator must manually engage the device, usually with a key, toggle switch or number keypad into which a code is punched, each time he/she leaves the car. Not surprisingly, passive systems have been proven more effective since they are not subject to drivers' failure to activate the system.

For MY 1990, of the total 8,700,000 passenger cars produced, 139,000, or 1.6 percent, were equipped with manufacturer-installed antitheft devices.

Manufacturers began petitioning the agency for exemptions from parts-marking beginning with MY 1987 car lines, the same year that the vehicle theft prevention standard went into effect. For MY 1987, eight manufacturers received exemptions for 12 car lines. Of these 12 car lines, there was no pronounced trend toward substantial reduction in theft rates for the following model years. NHTSA theft rate data show a fluctuating up-down theft rate for each respective car line after introduction of antitheft system installation. The data for these car lines are given in Table 1.

Table 1

EXEMPTIONS EFFECTIVE FOR MODEL YEAR 1987

MANUFACTURER AND CAR LINE	MY 1986 THEFT RATE*	MY 1987 THEFT RATE*	MY 1988 THEFT RATE*	MY 1989 THEFT RATE*	MY 1990 THEFT RATE*
<u>Austin Rover</u> Sterling	**	1.3371	3.3651	1.1325	4.9958
<u>Chrysler</u> Conquest		10.6567	18.5784	22.0069	**
Dodge	11.8237				
Plymouth	9.4233				
<u>General Motors</u> Cadillac Allante	**	1.5399	5.7283	0.0000	3.9280
Chev. Corvette	10.9429	9.5793	10.4783	10.8831	8.2146
<u>Isuzu</u> Impulse	2.4901	6.1951	9.7023	7.4889	0.0000
<u>Mitsubishi</u> Galant	7.3751	7.0852	7.8653	5.4883	8.5089
Starion	7.9573	14.6092	19.7719	0.0000	**
<u>Nissan</u> Maxima	3.6882	4.7414	6.6843	5.1819	4.1240
300ZX	7.7094	5.9739	10.1859	5.1474	12.4601
<u>Toyota</u> Celica Supra	2.7860	5.5732	10.3866	11.7884	11.6129
Cressida	4.2623	8.6402	5.0021	5.1302	2.8800
<u>Volkswagen</u> Audi 5000S	2.1248	1.9827	1.2642	1.2304	**

* Thefts per 1,000 cars produced.

** Car line not produced this model year.

All theft rates in Table 1 (as well as Tables 2, 3, 4, 5 and 7) are given in thefts per 1,000 cars produced. Each theft rate is for cars of the current model year stolen during that same calendar year.

For MY 1988, two manufacturers received exemptions for three car lines. Of these three car lines, two show an increase in theft rates for MY 1990, compared to MY 1988 and one decreased. This data is given in Table 2. For MY 1989, (see Table 3) three manufacturers received exemptions for three car lines. Of these, two lines' theft rates decreased for MY 1990, and one line was not introduced into commerce. For MY 1990, five manufacturers received exemptions for nine car lines. Two of these lines were granted partial exemptions. Model Year 1990 was the first effective year for the lines with the exemption. (Table 4) Table 5 lists the four car lines from two manufacturers which were granted exemptions for MY 1991. (MY 1991 theft data not available.) In each table, theft rates are provided beginning with MY 1986 for comparative purposes.

There is no clear indication as to why theft rates of vehicles, after installation of antitheft devices, fluctuate widely from model year to model year. National organizations involved with deterring theft, such as the National Automobile Theft Bureau, the International Association of Auto Theft Investigators (IAATI), and the International Association of Chiefs of Police

Table 2

EXEMPTIONS EFFECTIVE FOR MODEL YEAR 1988

MANUFACTURER AND CAR LINE	MY 1986 THEFT RATE	MY 1987 THEFT RATE	MY 1988 THEFT RATE	MY 1989 THEFT RATE	MY 1990 THEFT RATE
<u>BMW</u> 7	2.3026	3.5419	3.3513	3.9504	4.3052
<u>Mazda</u> 929 RX-7	* 4.6147	* 6.8322	3.2001 5.6426	3.3610 6.0878	2.0517 17.6773

Table 3

EXEMPTIONS EFFECTIVE FOR MODEL YEAR 1989

MANUFACTURER AND CAR LINE	MY 1986 THEFT RATE	MY 1987 THEFT RATE	MY 1988 THEFT RATE	MY 1989 THEFT RATE	MY 1990 THEFT RATE
<u>Saab</u> 9000	1.6278	1.2191	2.2350	2.3691	2.2680
<u>Volkswagen</u> Audi 100/200	car line not produced			1.1834	1.1614

Table 4
EXEMPTIONS EFFECTIVE FOR MODEL YEAR 1990

MANUFACTURER AND CAR LINE	MY 1986 THEFT RATE	MY 1987 THEFT RATE	MY 1988 THEFT RATE	MY 1989 THEFT RATE	MY 1990 THEFT RATE
<u>Chrysler</u> Imperial	car line not produced				4.2568
<u>General Motors</u> (granted in-part) Chev. Camaro** Pont. Firebird**	29.4907 27.8316	26.0277 30.1440	25.7394 29.3894	8.6893 8.9973	9.0361 8.5608
<u>Nissan</u> Infiniti M30 Infiniti Q45	car lines not produced				2.7525 1.7227
<u>Porsche</u> 911 928	6.7060 4.1873	11.4955 5.3981	14.2376 11.7793	7.4099 4.5998	7.3769 9.6618
<u>Toyota</u> Lexus LS400 Lexus ES250	car lines not produced				2.0197 1.7857

Table 5
EXEMPTIONS EFFECTIVE FOR MODEL YEAR 1991

MANUFACTURER AND CAR LINE	MY 1986 THEFT RATE	MY 1987 THEFT RATE	MY 1988 THEFT RATE	MY 1989 THEFT RATE	MY 1990 THEFT RATE
<u>Honda</u> Acura NS-X Acura Legend	* 3.1765	* 2.7837	* 3.4341	* 3.5017	* 4.5756
<u>General Motors</u> (granted in-part) Cad. Deville Oldsmobile 98	7.1093 7.4118	6.1637 5.2239	7.9116 5.3363	5.5704 4.7984	3.8119 5.5267

*Car line not produced this model year.

**Partial Exemption. Voluntarily installed the Personalized Automotive Security System (PASS-KEY) for MY 1989.

(IACP), have indicated that the first year's theft rate for new or redesigned car lines is generally low because the demand for replacement parts is relatively small, since there is no interchangeability of parts with the older car lines. Another important factor that can be a variable in theft frequency is economic conditions of the marketplace. If the market is flooded with parts, then theft rates of car lines will tend to reduce. A reasonable conclusion is that events external to the presence or absence of antitheft systems have an effect which overwhelms that produced by the antitheft system. Such external events could include marketplace economic conditions, as well as shifting demands for various models from year to year in the theft community.

A. Listing Of Exempted Car Lines And Descriptions Of Antitheft Systems Installed As Standard Equipment

The following car lines have systems that are passive and are armed by locking the driver's door with the ignition key or by depressing the driver's door lock actuator. All systems are activated by attempted unauthorized entry through the doors, hood, trunk, and ignition key cylinder. All have either ignition or starter interrupt functions along with power (battery) protection. All systems have an audio and or visual alarm function (i.e., horn blows and/or headlights flash for a predetermined amount of time).

Volkswagen
Audi 5000S

Chrysler
Conquest

Audi 100
Audi 200

Imperial

General Motors
Cadillac Allante
Chevrolet Corvette

Mazda
929
RX-7

Nissan
Maxima
300ZX
Infiniti Q45

BMW
7

Isuzu
Impulse

Porsche
928
911

Toyota
Cressida
Celica Supra
Lexus LS400
Lexus ES250

Honda
Acura Legend

Mitsubishi
Starion
Galant

In addition to the passive systems described above, the following car lines have systems that contain motion sensors as well. Motion sensors are devices that activate the system when the car is physically moved or bumped.

Honda
Acura NS-X

The car lines listed below have, in addition to the systems described above, an infrared (IR) control unit. These control unit locking systems are integrated into the vehicle's central door locking scheme and allow the vehicle's doors to be locked remotely by an infrared code transmitted by a small transmitter. In most cases, these transmitters also contain the ignition key.

Saab
9000

Austin Rover
Sterling - does not have motion sensors

The car lines listed below have received exemptions in part and, therefore, must have the engines and transmissions marked in addition to the installed antitheft device. The systems on these car lines are passive with activation only by the key cylinder, and all contain ignition interrupters. These systems do not have audio/visual alarm functions.

General Motors

Chevrolet Camaro
Pontiac Firebird
Cadillac Deville/Fleetwood
Oldsmobile 98
Pontiac Bonneville
Buick Park Avenue

A dramatic success story in theft reduction via antitheft systems is that involving the Pontiac Firebird and the Chevrolet Camaro. General Motors was granted partial exemptions for these car lines in 1990. Even though the exemption did not become effective until MY 1990, General Motors voluntarily installed the Personalized Automotive Security System (PASS-KEY), along with parts-marking, in MY 1989. These two car lines had been among the top 10 on the high-theft listing since MY 1983/84. The MY 1987 theft rate for the Pontiac Firebird was 30.1440 and for the Chevrolet Camaro was 26.0277. For MY 1988, the Pontiac Firebird theft rate was 29.3894 and the Camaro 25.7394.

Following the introduction of the antitheft system in MY 1989, the theft rate fell to 8.9973 for the Firebird and 8.6893 for the

Camaro. The MY 1990 theft rates for these car lines continued at a relatively low rate for the Firebird of 8.5608 and 9.0361 for the Camaro, indicating a 67 percent and 65 percent decrease for the Firebird and Camaro, respectively.

These two GM car lines have installed as standard equipment, the "PASS-KEY" system. This PASS-KEY system is unique in that it uses a specially designed ignition key to deter would-be thieves. When the key is inserted in the ignition, an on-board computer reads an encoded capsule that is embedded in the ignition key and compares it to a microchip within the computer. If the two modules do not match, the ignition system shuts down for approximately three minutes. The system rearms and shuts down indefinitely if someone without the proper key persists. The ignition system will also shut down if an attempt is made to pop the ignition switch out of the steering column, or hot-wire the car.

As portrayed by the reduction in theft rates, this system has proven to be very effective in reducing auto theft. Insurance payouts for Camaros and Firebirds have been cut in half since the PASS-KEY system was added.

B. Antitheft Systems Voluntarily Installed By Manufacturers Prior To Model Year 1987

Prior to the legislation requiring automobile manufacturers to parts-mark designated high-theft car lines or apply for an exemption from these requirements, many manufacturers offered either as standard equipment or as an option various antitheft systems. These systems varied among manufacturers and included active systems, passive systems, disabling devices, alarm systems and motion sensors.

Table 6 contains a list of makes and models of passenger automobiles with standard, original equipment antitheft systems installed by manufacturers prior to MY 1987. The table also includes a brief description of the system installed on each car line and the model year it was installed (if known).

Table 7 contains theft rates of these particular car lines beginning with MYs 1983/84 and ending with MY 1987. (The first year that parts-marking became effective.) Beginning with MY 1987, all of the listed car lines except the Nissan 200SX were designated high-theft or received an exemption from the parts-marking standard. Mercedes-Benz ceased production of all these particular models after 1986. Beginning with the 1987 model year all car lines with voluntarily installed antitheft systems were parts-marked or had an approved antitheft system as standard equipment.

Table 6

CAR LINES WITH ANTITHEFT SYSTEMS PRIOR TO MY 1987

<u>Manufacturer</u>	<u>Car Line</u>	<u>MY Device Introduced</u>	<u>Description</u>
General Motors	Chevrolet Corvette	1972	From 1972 to 1980, there was an active alarm system. From 1981 to 1985, a passive system, equipped with an alarm hooked up to the door and trunk plus a starter interrupt device. In 1986 and 1987, the Corvette was equipped with VATS (Vehicle Antitheft System, a passive system with an electronic starter-interrupt). In 1988 the Corvette was equipped with the PASS-KEY system.
	Cadillac Eldorado (Convertible only)	1984	Same system as the Corvette, aside from the added feature of the lights blinking on and off when the alarm is activated, plus a disabling device activated when the thief enters from the roof and sits in the driver's seat.
Toyota	Cressida Celica Supra	1985	An active alarm system which will sound when one of the doors or hatch is opened without using a key, after the system has-been manually activated. Head and tail lamps blink on and off intermittently.
Nissan	300ZX	1984	Passive alarm and disabling device. Alarm and disabling device are activated when entry is attempted through the door, hood, or trunk and or hatch. Lights blink on and off intermittently.
	200SX (Turbo only) Maxima	1985	

Table 6 (Continued)

<u>Manufacturer</u>	<u>Car Line</u>	<u>MY Device Introduced</u>	<u>Description</u>
Mercedes-Benz	300SD 380SL 500SEL 500SEC	1984	Passive alarm system triggered by unauthorized entry into the passenger compartment through the doors or trunk. Lights blink on and off intermittently.
Ferrari	308 Mondial	Unknown	Active disabling device.
BMW	3 Series 5 Series 6 Series 7 Series	1985	Active antitheft alarm device using a separate key. Also an optional on-board computer, with a code-pad memory option in which a driver is to press in numbers before the engine will start.
Porsche	928	Unknown	Passive alarm and ignition interrupt device. Activated by attempted unauthorized entry through passenger doors and/or the trunk.

Table 7

**THEFT EXPERIENCE OF CAR LINES WITH MANUFACTURER VOLUNTARILY
INSTALLED ANTITHEFT SYSTEMS PRIOR TO MY 1987**

MANUFACTURER AND CAR LINE	MY 1983/84 THEFT RATE	MY 1985 THEFT RATE	MY 1986 THEFT RATE	MY 1987 THEFT RATE	MY DEVICE INTRODUCED
<u>General Motors</u> Chev. Corvette Cad. Eldorado	12.6237 13.9131	14.3917 11.5004	10.9429 2.2666	9.5793 3.8924	1972 1984
<u>Toyota</u> Cressida Celica Supra	5.7131 15.1583	4.7068 10.3855	4.2623 5.8756	8.6402 4.8428	1985 1985
<u>Porsche</u> 928	4.8660	1.7391	4.1873	5.3981	unknown
<u>Nissan</u> 300ZX 200SX Maxima	8.7435 2.4608 3.8044	6.3609 4.6623 1.9978	7.7094 4.1101 3.6882	5.9739 5.5654 4.7414	1984 1984 1985
<u>Mercedes</u> 300SD 380SL 500SEL 500SEC	3.2601 6.1665 3.6236 5.3748	2.2297 4.3200 • 4.1494	• 4.3200 5.1754 4.1494	• • • •	1984 1984 1984 1984
<u>Ferrari</u> 308	4.4893	1.5504	8.0000	•	unknown
<u>BMW</u> 3 Series 5 Series 6 Series 7 Series	5.3255 5.0760 5.0400 4.8660	2.0259 1.9683 4.3466 1.7391	3.3291 1.9450 2.5829 4.1873	3.0202 3.3921 4.1032 5.3981	1985 1985 1985 unknown

* Car line not produced this model year.

In addition to these mandatory requirements, some manufacturers plan to provide new vehicles with hardened collars, which shield the upper and lower casing of the steering column. This will significantly increase the time required to disable the locking mechanism for the ignition, steering wheel, and automatic transmission gear selector. Furthermore, some manufacturers offer as standard equipment antitheft devices on their higher cost models, and offer as an option antitheft devices on other models.

For MY 1990, GM stated that it produced approximately 386,000 cars equipped with PASS-KEY. It further claims that by MY 1994 the majority of GM cars, approximately 2.6 million, are scheduled to have some version of the PASS-KEY system as standard equipment. It is speculated that for MY 1995, that number will increase to 3 million.

C. Recommendations For Manufacturer Installed Antitheft Systems

1. As recommended in the March 1991 report, amend the existing statute to allow manufacturers an unlimited number of exemptions from parts marking for antitheft devices. At present, the statute limits each manufacturer to no more than two additional lines per year. The Department believes that such action would encourage manufacturers to install antitheft systems on more vehicles and that such devices undoubtedly help to reduce theft.

2. Continue to closely monitor the effectiveness of antitheft system installation. Although many vehicles have shown fluctuating and erratic changes in theft rate, the GM PASS-KEY system has, to date, resulted in a significant reduction in theft rates. It is important to determine whether this trend will continue, or whether it will result in effective countermeasures by clever thieves which will ultimately counteract its effectiveness.
3. Encourage all insurers to voluntarily provide discounts in comprehensive premiums for effective antitheft devices, without them having to be mandated by State laws.

IV. AFTERMARKET ANTITHEFT SYSTEMS

There are a number of aftermarket antitheft devices and systems being offered for theft prevention, ranging from the inexpensive mechanical (e.g., a device that locks the steering column preventing it from being turned) and electrical fuel-cutoff switches, to the more sophisticated tracking systems that track a vehicle once it has been reported stolen to the police. The new sophisticated electronic tracking systems may or may not have theft prevention components interfaced with the tracking applications. In an effort to obtain information on the relative effectiveness of these aftermarket antitheft systems, the agency contacted the Mobile Electronics Association (an association specializing in automobile security systems along with other accessories). However, they were unable to provide the agency with any data on the effectiveness of aftermarket theft prevention devices.

Code Alarm, Inc., manufactures a tracking system called, "Intercept," which includes alarm, retrieval, and notification capabilities. The "Intercept" system includes a cellular phone that automatically informs a monitoring station of unauthorized vehicle movement, while an on-board Loran C receiver provides real-time vehicle location. One of the features of "Intercept" allows the central monitoring station (a station operated by Code Alarm employees) to remotely cut-off a stolen vehicle's engine to

prevent high-speed chases. The drawback of such a system is that should the cellular phone be stolen, the system is rendered inoperable. The cost for "Intercept" is approximately \$1,500 per vehicle plus a monthly monitoring fee. Presently, no statistical data are available on the effectiveness of this system.

Another new technological system for the tracking and surveillance of stolen vehicles was developed by International Teletrac to improve the efficiency of truck and bus fleets and to aid in the recovery of stolen cars. When an owner contracts with Teletrac, its vehicles receive a transmitter that can be installed in any of 20 different locations within each vehicle, an antenna, and a back-up battery supply. Once a vehicle has been identified as missing, or when the vehicle is started without the key, its transmitter emits a 900 MHz signal, along with the vehicle identification code. The message and code are transmitted to the company's network control center, which sends a location request signal back to the transmitter. According to a spokesperson with Teletrac, the company's software is designed to compute the vehicle's signal from the strongest antenna towers, calculate the time differential for transmission and relay, calculate the latitude and longitude of the vehicle's location, and plot it on a digitized map of the area. Once this has been accomplished, the control center reports it to the local law enforcement agency. If the law enforcement agency is on line with Teletrac, the location of the vehicle is displayed on an

easy-to-read computerized map, located at the law enforcement's dispatch center. Additionally, the dispatcher can provide the speed of the vehicle, description of vehicle, and identify the subscriber. However, if the local law enforcement agency does not have the Teletrac capabilities, a Teletrac employee provides the same information over the telephone until an investigatory stop can be made. Installation of the tracking transmitter is performed by any company that purchases these systems to sell.

Presently, operating Teletrac systems are located in the following areas: Los Angeles County, Ventura County, Orange County, and Riverside County, California; Chicago, Illinois; Detroit, Michigan; and Dallas, Texas. The approximate cost for this system is \$595 per vehicle, installed at new car dealers or through aftermarket companies. Teletrac would not provide statistical data on its recovery rate of stolen vehicles equipped with the Teletrac system, because it believes this is proprietary information and did not want to disclose it.

Another hi-tech tracking system is the LoJack system. The LoJack system includes an on-board transceiver, the size of a small chalkboard eraser, installed in an area within the vehicle known only to the installer, with tracking equipment installed in law enforcement vehicles, and existing computers and telecommunication networks operated by statewide law enforcement agencies. The LoJack system is a unique law enforcement tool

which is controlled by State and local law enforcement agencies. Presently, private entities cannot purchase it for their use. The LoJack system is installed in the vehicle, and a code unique to a given LoJack unit is paired with the vehicle identification number (VIN) of the vehicle in the State police criminal information computer. Once a vehicle is reported stolen to the police, a routine police entry of the VIN activates the police broadcast system, which turns on the LoJack unit in the stolen vehicle. Law enforcement cars equipped with the LoJack tracking unit receive the broadcast from the stolen vehicle, and follow a homing procedure which takes the law enforcement official directly to the vehicle. A LoJack equipped police car can track a stolen LoJack equipped vehicle over roughly a 25 square-mile area. In 1989, the Federal Communications Commission (FCC) allocated a special Federal law enforcement frequency to be utilized in the location and apprehension of stolen vehicles. The frequency allowed by the FCC is 173.075 MHz. This enables companies like LoJack to telecommunicate with any law enforcement agency utilizing its system. Presently, LoJack is available in seven states: Massachusetts, Florida, New Jersey, Michigan, California, Illinois, and Virginia. LoJack reports a recovery record of approximately 95 percent of stolen vehicles equipped with the LoJack tracking system. LoJack claims also that the majority of vehicles recovered by police using its system sustain

less damage than a vehicle stolen without LoJack protection.⁵ The cost for the LoJack system is approximately \$595, and can be purchased for a new vehicle through the vehicle dealers in the States utilizing the LoJack system. Only LoJack personnel install these tracking systems in vehicles. The LoJack system has been expanded to include a passive theft deterrent device (identified as LoJack Prevent). This enhancement is a theft deterrent system that incorporates an alarm and starter interrupt. Additionally, this system has a back-up battery, should the main battery cable be circumvented.

The California Highway Patrol (CHIP) stated that LoJack first became operational in California in July 1990 in a pilot project. Since that period, approximately 94 LoJack equipped vehicles have been stolen with 70 recovered using the system, yielding a 74 percent recovery rate.

It is obvious from the above descriptions that these hi-tech tracking systems require installation equipment which is relatively expensive; and also require the cooperation of state and/or local law enforcement agencies. The Department encourages such action by state and local law enforcement agencies to reduce theft. In some states, insurance companies are moving to

⁵LoJack Fact Sheet -- 10/91

encourage motorists to install such so-called stolen vehicle recovery systems (SVRS). In Massachusetts, for example, a 35 percent discount is given on the comprehensive portion of the insurance premium if a vehicle has an installed tracking system which also has a passive antitheft device, which consists of a starter-interrupt function. The agency strongly encourages the adoption of such rate reductions by all insurance companies for SVRS installations.

Aside from the hi-tech antitheft systems being offered, there are less sophisticated and inexpensive methods which may aid in reducing vehicle theft. One such program is the use of decals. Many police localities and jurisdictions participate in a program which utilizes decals placed on autos to spot possible stolen vehicles. One such program is called the CAT Program (Combat Auto Theft). Other localities across the United States also use a decal program to assist in the prevention of auto theft, but refer to the program by names other than the CAT program. These programs are voluntary programs designed to assist in the prevention of auto theft by the use of decals displayed on vehicles which, driven during certain hours, are subject to being stopped by police officers.

To participate in the program, the registered owner takes the vehicle, its registration, and his/her driver's license to any participating police station, substation or designated location.

Personnel will supply the waiver form for the registered owner to read and sign. This waiver form contains information about the owner and the vehicle, and states that the vehicle is not normally driven in very early morning hours (usually between the hours of 1:00 a.m. and 5:00 a.m.). By signing the waiver, the owner is giving consent for this vehicle to be stopped during these hours. The waiver does not prohibit the registered owner or agent from driving the vehicle during the stated hours, but it does give the owner's consent for any police officer to stop the vehicle as a possible stolen vehicle. The owner of the vehicle is then assigned a decal. This decal bears a serial number which corresponds to the number on the signed waiver form and is cross-referenced with the vehicle's identification number. The waiver form is then sent to the auto theft division of that particular police department. After the owner has signed the waiver, police personnel will affix the decal inside the rear window on the driver's side. If the vehicle has no rear window or a rear defogger prevents placing the decal inside the window, the decal will be affixed inside the front windshield on the drivers side in an area that would not hinder the vision of the operator.

If a vehicle with a decal is observed being operated during the predetermined hours, it is subject to an investigative stop by an officer of any participating police jurisdiction. Drivers are encouraged to advise anyone they allow to use their vehicle that they are subject to being stopped during these hours. If the

vehicle is sold or the owner withdraws from the program, it is the owner's responsibility to remove the decal and notify the auto theft division of the local police jurisdiction. Presently, a number of cities/jurisdictions have or are participating in similar programs. These include: New York City, New York; Trenton, New Jersey; Philadelphia, Pennsylvania; Houston, Texas; St. Louis, Missouri; St. Paul, Minnesota; and San Diego, California. Some of these cities have claimed success while others have discontinued the program. Manpower was cited as one reason for discontinuing the program, with no further explanations being provided. No definitive statistical data are available.

Another alternative theft deterrent is etching vehicle windows with the VIN. Presently, many law enforcement agencies are etching windows. It is believed that vehicle windows so marked are visible deterrents. The Kentucky State Police (KSP) have a voluntary VIN marking program in effect. The Kentucky program consists of marking all glass on a vehicle with the VIN. KSP claims to have marked in excess of 150,000 vehicles since implementing the program in 1981. From 1981 to 1985, KSP has been aware of only four marked vehicles being stolen, three of which were recovered intact and one remains missing. Unfortunately, since 1985, KSP has not kept any records on the number of stolen vehicles that have participated in the program. The KSP stated that, as of July 1991, approximately 200 police

companies had requested copies of the Kentucky VIN etching program. The KSP believe that the marking program is very effective.

V. AUTOMOBILE DEALERS THEFT PREVENTION

In response to a request from this agency, the National Automobile Dealers Association (NADA) surveyed its members regarding their vehicle theft experience. Of the 97 dealers who responded, 21 were located in urban areas while 29 were suburban and 46 were rural, with 1 dealer location unknown. When the automotive dealers were queried on whether they offered antitheft devices, 38 responded yes, 34 answered no, and 25 either did not respond or responded not available. Of the 38 dealers responding yes, 17 of them offered both factory installed-antitheft devices or devices installed by the dealership. Of the 34 responding no, they indicated that only factory-installed systems were available or antitheft systems were installed by someone other than the dealership.

Of the antitheft devices/systems offered or factory installed, the most popular were the remote/keyless entry systems. The second were optional factory-installed systems (e.g., PASS-KEY), followed by electronic devices (e.g., ignition starter-interrupt) and alarms.

It is recommended that automotive dealers emphasize the availability of antitheft devices and promote their advantages to consumers. Training of sales personnel and distribution of brochures in dealer showrooms could help to achieve this objective.

The dealers also addressed their respective vehicle theft experience and ways in which to confront vehicular theft. Of those automobile dealers responding, 49 experienced vehicle theft within the last 5 years, ranging from 1 to 10 thefts, either annually or within that time frame. Conversely, only 2 dealers experienced 11 or more thefts in the last 20 years. Ten respondents stated they had encountered between 1 and 20 thefts in the last 20 years. One dealership replied it was quite common to experience vehicular theft, while 10 commented that their theft experience was very low. Eighteen respondents stated they had never experienced a vehicle theft. Seven dealerships did not respond. The dealers did not disclose how their respective vehicles were stolen, whether it was during test drives, stolen off the lot, or lack of internal security. Many of the dealers stated they employed guards to police their lots, used preventive measures such as locking all keys to the vehicles and parking vehicles in strategic locations blocking them from the ability to be driven off the lot.

A. Recommendation For Automotive Dealers

1. It is recommended that automotive dealers emphasize the availability of antitheft devices and promote their advantages to consumers, particularly in areas where theft rates are high or for models with relatively high-theft rates.

VI. RENTAL AND LEASING COMPANIES THEFT PREVENTION

According to representatives of the major rental and leasing companies, motor vehicle theft is still a significant concern within their domain. Rental and leasing companies are taking various actions to reduce their respective losses. This industry counts vehicle theft differently due to individual company reporting procedures. Unique to the rental and leasing industry is a form of vehicle theft referred to as a "conversion." A conversion occurs when the renter/lessee does not return the vehicle to the rental or leasing company on the date specified in the contract. Depending on the police jurisdiction timeframe for reporting stolen, rented or leased vehicles, total thefts for rental and leasing companies could be overstated by inclusion of a "conversion," where vehicles were actually returned to the respective company "late," rather than being stolen.

A number of companies have programs in effect to address the physical vehicle theft problem. Such programs include etching of vehicle windows with the VIN, aftermarket alarms, tracking devices, stickers, and a collar or hardened steel sheath placed around the steering column. Additionally, AVIS Rent A Car System places stickers on cars advising would-be thieves that the "...parts of this car are marked and known to law enforcement authorities...." or "...tampering with the radio will render it inoperable." Furthermore, AVIS places stickers on door posts to

inform law enforcement agencies of its after-hour 800 number to facilitate the recovery of a vehicle.

To address the operational side, rental and leasing companies have implemented some of the same procedures as the automotive dealers. They have also employed other theft deterrence techniques such as ignition key control, protective fencing and lighting, employee background checks, computer tracking of fleet vehicles, prompt reporting of overdue vehicles, missing vehicle reports, liaison with local law enforcement, and developing customer files.

One of the major problems reported by rental and leasing companies is that vehicles are being stolen and exported out of this country, either through ports-of-entry or over the border. Rental and leasing companies have proposed that the Federal Government strengthen vehicle theft enforcement at these locations. Some suggestions were offered by one of the major rental companies. It suggested that the United States initiate efforts to adopt an automated system to control the flow of vehicles into Mexico. Their proposal is to uniquely mark the cars of regular commuters to enable them to cross the border unimpeded. Unmarked vehicles would be stopped for questioning. Additionally, it believes that a method that could be considered would be the imposition of fees to be paid by vehicle exporters to fund the task of enforcing exportation laws. The funding

could assist the Customs Service in that Customs could hire more inspectors to examine containers leaving the country.

The Department has forwarded these recommendations to Customs, which has the responsibility to enforce Title III of the Motor Vehicle Theft Law Enforcement Act. (See Appendix C.)

VII. STATE PROGRAMS WHICH ADDRESS MOTOR VEHICLE THEFT

A number of States have implemented theft prevention programs, which run the gamut from the basic VIN window etchings programs (as discussed previously) to specific plans aimed at juveniles, which encourage them not to steal vehicles.

In 1923⁶, it was reported that the majority of thefts that occurred were attributed to so-called "joy-riders," thieves who sought the thrill of committing a crime coupled with driving an automobile they generally could not afford.⁷ Today, there appears to be a significant number of stolen vehicles attributed to juvenile joy-riders.

A creative approach for reducing theft by juveniles has been undertaken by the Baltimore Police Department, Baltimore, Maryland. This strategy by the Baltimore Police Department and participating agencies affects the future driving privileges of those juveniles found guilty of certain offenses relating to theft of a motor vehicle. If a young person steals an automobile, he/she may be denied the privilege of a driver's license at the time of application. The majority of unauthorized use or theft of vehicle cases also involve "collateral" traffic violations such as operating without a license, speeding, fleeing

⁶ The NATB, The History of NATB, p.28

⁷ Ibid.

and attempting to elude the police, or violating a traffic signal. When a delinquent is brought to Juvenile Court of Violations and charged with an infraction of the Maryland Transportation Code, that infraction will be reported to the State Motor Vehicle Administration. At that time, a "soundex" number is assigned and points are assessed to the juvenile's driving record, even if the juvenile does not possess a Maryland driver's license. Subsequently, when the juvenile applies for an operator's license or learner's permit, it could be denied. This program was presented to middle school students' parents and high school students' parents in 1987.

New Jersey's Juvenile Delinquency Department is also considering an antitheft program. The program (similar to the one in Baltimore, Maryland) would target Newark and the surrounding suburbs, and would inform teens of the hazards and legal consequences of stealing vehicles. The State would seek funding from local groups, such as the Lions Club, Boy Scouts, and college fraternities.

The State of Michigan established the Automobile Theft Prevention Authority (Authority) program which provides funds for financial support to state and local agencies for auto theft enforcement teams. Projects supported include state and local police programs designed to reduce auto theft, local prosecutors, judicial agencies, and neighborhood, community and business

organizations' antitheft programs. The funding provides support to reduce the incidence of auto theft through a \$1.00 surcharge for every private passenger auto policy written in the State. The Authority also uses the funds to conduct educational programs designed to inform vehicle owners of theft prevention and to provide equipment for experimental purposes to vehicle owners for prevention of automobile theft. The money is channeled directly to the theft prevention program and can only be used to fight auto theft.

Additionally, on April 1, 1986, several amendments to Michigan's Insurance Act became law. The law requires all insurers who sell auto insurance in Michigan to become paying members of NATB, to have preinsurance inspection of vehicles with two supporting photographs and to give a premium discount for vehicles equipped with an antitheft device. The law also states that an insurer cannot make a claim payment for the theft of an automobile unless the insured has filed a report with the proper law enforcement agency. Additionally, if a vehicle is unattended, not in the custody of service garages or parking lots where keys are necessarily left in someone else's custody, an insurer may also include in their policy either or both of the following provisions: 1) An automatic \$500 deductible, if the vehicle is stolen with keys in it; 2) a settlement reduction by 10 percent if the vehicle was stolen with keys in it.

In recent years, AAA Michigan, the State's largest insurer, has also initiated several other effective programs to reduce motor vehicle theft. It began VIN etching in 1983 as part of its Arrest Car Thieves In Our Neighborhood Program (A.C.T.I.O.N.). A second part of A.C.T.I.O.N. was a reward program offering \$1,000 to \$10,000 to citizens who gave information to the police which resulted in the arrest and prosecution of anyone involved in the theft of AAA Michigan members' vehicles. During AAA Michigan's program it paid rewards totalling \$118,000.⁸ As a result of the program, 138 arrests were made, 137 vehicles valued at \$902,075 were recovered and seven chop shops and auto theft rings were shut down.⁹ In October of 1985, Michigan's reward program was phased out in favor of a statewide industry program called Help Eliminate Auto Theft (H.E.A.T.), a program administered through Michigan's Automobile Insurance Placement Facility, and funded by the insurance industry in Michigan and patterned after the AAA Michigan program.

The H.E.A.T. program awards money to people who submit auto theft information. For information resulting in the arrest and prosecution (not conviction) of a car thief, the informant may receive a reward of up to \$1,000. If the information leads to the arrest and binding over for trial of individuals involved in

⁸ AAA Michigan Report, Auto Theft Unit, November 19, 1991, p.6

⁹ Ibid.

a chop-shop operation, the reward can be up to \$10,000. The H.E.A.T. results to date are 448 rewards paid, totalling \$792,205, and 833 arrests with 1,143 vehicles recovered, valued at \$13,257,708.¹⁰

Michigan also established an anticar theft campaign committee (ACT). The committee includes representatives of insurers, auto manufacturers, car rental companies, financial institutions, the NATB, the sheriff's department, and the FBI. The committee promotes public awareness, direct assistance to law enforcement and support of Federal and State legislation that affects auto theft; and training seminars for law enforcement and insurance industry personnel.

As a result of cooperative efforts and its unique programs, auto theft in Michigan has declined for the past six years. Since April of 1986, Michigan has experienced a 13 percent reduction in stolen cars while the national average has increased by 42 percent. As a result of this apparent reduction, many states have patterned their theft prevention program efforts after those of Michigan's.

This agency commends the cooperative efforts of insurance companies and law enforcement agencies within the State of Michigan and the positive results in theft reduction which have

¹⁰ Ibid.

resulted from such actions. We strongly encourage law enforcement and the insurance industry's efforts in other areas to emulate the Michigan experience. Other jurisdictions which have already initiated similar programs are discussed below.

Texas has established the Texas Action Council on Theft (TACT), a nonprofit organization run by the insurance industry, law enforcement officials, and the district attorney's office. A recent antitheft effort of TACT was utilizing billboards and public service announcements to promote the use of antitheft devices and to educate Texans as to the detrimental effects that theft has on insurance costs. Additionally, in Texas, new title certificates are being issued that are more difficult to alter or counterfeit. The certificates are printed in erasure-sensitive inks on brightly colored paper with special tinting. The information on the certificates now includes odometer readings.

Massachusetts addresses the problem of auto theft with new technology, the previously described LoJack System.

Massachusetts vehicle owners who install stolen vehicle recovery systems are entitled by law to a 20 percent discount on their comprehensive insurance and if the system has a deterrent feature(s) the policyholder will receive a 35 percent discount. The LoJack system has been available in Massachusetts since 1986.

Additionally, the Automobile Insurance Reform Act of 1988 required the Massachusetts Commissioner of Insurance to develop rules and rates for certain high-risk vehicles and operators. If any high-risk vehicle or operator is listed on a policy, the Act allows an insurer to charge a higher "Extra-Risk" rate on Physical Damage coverage, or to deny writing such coverage. Section 40 of the 1988 Reform Act called for the Commissioner to develop a list of designated high-theft vehicles which would be subject to "Extra-Risk" rating if the vehicle does not have a prescribed antitheft device.

New York and New Jersey utilize the Combat Auto Theft (CAT) program through which special decals are provided to those who participate. The special decals are placed in the vehicle's windows and identify the vehicle as one that is rarely driven at night. Thus, if the vehicle is spotted during late night hours, the driver will be stopped and asked for evidence of ownership to determine whether the car is stolen.

Washington, D.C. has established a D.C. Impact Group, funded by the insurance industry. It is composed of 16 law enforcement jurisdictions and 10-12 insurance companies. The group gives seminar training to 300-400 police officers having two to five years of law enforcement experience, in proper claim handling procedures and vehicle number identification. Additionally, the

D.C. Impact Group sponsors media events on automobile theft, conducts public service announcements, purchases computer equipment for the police department for theft-related purposes, distributes handouts and brochures at auto shows on automobile theft prevention and has also instituted the CAT program.

VIII. INSURANCE INDUSTRY

Motor vehicle theft is the fastest-growing type of crime in the United States. Although vehicle theft accounts for only 11 percent of property crime, it accounts for 48 percent of property crime costs.¹¹ In effect, every policyholder pays for vehicle theft through higher insurance premiums. About half of the comprehensive portion of auto insurance premiums is used to compensate victims of automobile theft.¹² According to the Insurance Information Institute, in 1989 auto theft cost Americans \$9.4 billion, measured by the value of the stolen vehicles and their contents.

To combat theft, the insurance industry has begun to offer premium discounts to drivers who equip their cars with antitheft devices. There are presently ten states that require insurers to give car owners premium discounts for installing antitheft devices. Those states are: Illinois, Massachusetts, Florida, Kentucky, Michigan, New Jersey, New York, Pennsylvania, Rhode Island, and Washington.¹³

¹¹ Aide Magazine, December 1990, p.13

¹² Insurance Information Institute, Data Base Reports, July 1991, p.1

¹³ National Association of Insurance Commissioners, National Insurance Laws Services Database, October 1991

In addition to offering premium discounts for installed antitheft devices, the insurance industry has also initiated and subsidized State programs to aid in reducing motor vehicle theft. (See Chapter VII. STATE PROGRAMS WHICH ADDRESS MOTOR VEHICLE THEFT.) Additionally, the major insurance companies report to NHTSA on motor vehicle theft experience and what each company does to deter vehicular theft. Many insurance companies have units that specialize in auto theft and they are usually manned by retired law enforcement auto theft investigators.

The National Highway Traffic Safety Administration recommends and encourages more widespread application of efforts by insurance companies to reduce vehicle theft as previously discussed; i.e., offering discounts for vehicles equipped with antitheft devices, cooperative efforts with states and local and law enforcement groups, etc.

IX. THEFT RELATED INSURANCE FRAUD

Theft and auto insurance fraud have caused insurance costs to escalate rapidly. The Insurance Information Institute reports that between 10 and 15 percent of auto insurance claims involve fraud, and that auto insurance fraud costs insurance companies approximately \$5 to \$8 billion a year nationwide. Insurance fraud ranges from the inflation of bills and preplanned auto accidents, to excessive or unnecessary medical treatment and the complete fabrication of diagnoses.

In 1971, the Insurance Crime Prevention Institute (ICPI) was formed to pursue investigations of fraudulent claims nationwide in cooperation with Federal, state, and local law enforcement agencies. In addition to referring claims to ICPI, insurance companies are improving the ability of its specialists to detect and investigate suspicious claims; increasing technical resources to support claims personnel in their efforts; and promoting the enactment of laws that provide just punishment and effective deterrence for fraud.

A considerable amount of auto insurance fraud relates to theft and includes the following major categories:

Staged Claims: Parts of a vehicle are removed, stored and reported stolen. After the insurance is paid, the parts are put back into the vehicle.

Owner Dumping: A vehicle is reported stolen. The owner collects claim payment from an insurance company, while the vehicle's parts are sold to salvage yards and auto shops.

Export Fraud: After obtaining a bank loan and purchasing a vehicle, the owner insures the vehicle to the fullest extent, exports it, then reports the vehicle stolen to police and its insurance company. Overseas conspirators sell the vehicle and forward the proceeds back to the original owner.

Abandoned Vehicles: A vehicle is abandoned on a road or in a parking lot in the hope that it will be stolen or destroyed. Then the owner reports it stolen to the police and the insurance company to collect under the policy.

Salvage Switches: The vehicle identification number tag (on dashboards in newer vehicles), is taken from a junked car and switched to a similar make and model that an owner has fraudulently reported as stolen. With the false number, this vehicle is then reregistered and sold, often in a different state or country.

The insurance industry is exerting increased effort and is making strides to fight against insurance fraud. Insurers are taking steps to improve the antifraud training of claim representatives, underwriters and agents, and initiate fraud-reporting programs. Additionally, special investigative units have been set up to identify fraudulent claims. These units are responsible for detecting common fraud indicators and initiating investigations where necessary. These fraud indicators include incidents where the date coverage was provided and the date of the claim are nearly the same; incidents where the insurance premium was paid in cash; incidents where no theft report was given to the police; and incidents where the sales invoice was absent. In Pennsylvania and New Jersey, insurers are required to form antifraud units and submit antifraud plans.

Sting operations in New York, Chicago, Detroit, and Tennessee have exposed the increasing growth of auto theft fraud. AAA Michigan formed an auto theft unit in 1984 to investigate suspicious auto theft claims. The unit consists of nine investigators, five of whom are police officers with vast auto theft investigative experience. To date, they have investigated 8,359 claims, and denied 3,081, representing a savings of \$11.4 million.¹⁴

Insurers are directly funding antitheft and fraud projects and studies, as in Massachusetts and Florida. Additionally, through industry groups, insurers are promoting legislation to combat fraud. One of the difficulties in fighting insurance fraud has been the inadequacy of civil and criminal penalties. However, more states are passing laws which raise insurance fraud from the level of a misdemeanor to a felony, to increase the size of fines, and to provide for prison sentences.

According to the Insurance Information Institute, at least eight states have laws which classify auto insurance fraud as a felony. It also reports that in at least 17 others, the laws may be less comprehensive and the penalties less severe. The offenses covered may include the filing of fraudulent claims, making

¹⁴ AAA Michigan Report, Op. Cit., p.5

fraudulent statements on insurance applications and, vehicular arson.

Twelve states now have insurance fraud bureaus in the state department of insurance.¹⁵ In Massachusetts, a fraud bureau, fully funded by insurers, was set up in 1991, and concentrates on auto bodily injury claims. In Texas, a bill passed in June of 1991 created an insurance fraud unit to investigate and prosecute fraud by policyholders and insurers.

A new anti-fraud measure used in Massachusetts, New York, New Jersey, and on a limited basis in Michigan is the mandatory photo inspection of used cars before collision or comprehensive insurance is issued. This measure is designed to eliminate claim payments for damage sustained previously, and the purchase of insurance coverage for non-existent vehicles.

In February 1991, an improved system for identifying fraud more expediently and efficiently was developed. The new and improved system, the American Insurance Services Group Index System, is an automated data base of approximately 40 million bodily injury claims from all types of insurance. The data base gives subscribing insurers access to all bodily injury claims and can be used to detect patterns of suspicious claims. Another data base for tracking fraud indicators is the Property Insurance Loss

¹⁵ Insurance Information Institute, Op. Cit., p.5

Register which offers a similar data base covering property claims.

The insurance industry continues to address motor vehicle theft and fraud. Among the organizations devoted to the reduction of motor vehicle theft and insurance fraud is the Coalition to Reduce Auto Theft and Fraud and the Joint Industry Task Force on Auto Theft and Fraud, which during the past few years have developed the following model state legislation designed to combat and address motor vehicle theft and fraud:

The Model Vehicle Owner Fraud Act -- This legislation combats owner collusion. It states that it is a felony to knowingly make or assist in making a false report or claim regarding the theft, destruction, damage or conversion of a vehicle or its contents. It is also a felony to illegally obtain evidence of ownership of a vehicle by making a false report or application to a governmental agency. Four states had enacted such laws by the end of calendar year 1990.

The Model Motor Vehicle Theft and Motor Vehicle Insurance Fraud Reporting and Immunity Act -- This legislation requires insurers to furnish information to law enforcement agencies upon request and to report possible crimes discovered by insurers. Immunity from lawsuits is provided to insurers for furnishing information. Eighteen states adopted this law by the end of 1990.

The Model Insurance Fraud Act -- This legislation defines insurance fraud, including both oral and written statements. Attempted insurance frauds are also covered under the Act. The proposal suggests that insurance fraud be punished as a felony. About half of the states have a similar law in force.

The Model False Police Reports Act -- This proposal makes it a misdemeanor upon the first conviction, and a felony upon a second or subsequent conviction, to knowingly make, or assist in making, a false report of a theft, destruction, damage, or conversion of any property to a law enforcement agency.

The Motor Vehicle Chop Shop, Stolen and Altered Property Act -- This act specifies that owning, operating, or conducting a chop shop is a criminal violation, and provides that it is a crime to

transport a motor vehicle part to or from a location known to be a chop shop. Several other offenses are included.

The Model Salvage Certificate and Junk Vehicle Act -- This legislation addresses the need for uniformity and standardization in salvage vehicle controls. The proposal also provides an effective procedure for the untitling of non-repairable vehicles on a permanent basis.

The Model Certificate of Title as Evidence Act -- The purpose of this act is to prevent the dismissal of cases by allowing the introduction in evidence of a certified copy of a vehicle title certificate as evidence of ownership and unauthorized use or possession of a vehicle. The act also provides for the perpetuation of testimony of a witness present in court at the time that a continuance is granted.

The Model Act Providing for Inspection and Cancellation of Titles and Exported Vehicles -- This legislative proposal would require an owner of a vehicle seeking to export it to surrender the certificate of title for the vehicle and to obtain a certified receipt of title cancellation.

The Model Act for the Return of Stolen Property Retained as Evidence -- This model provides a method for the release of property being held as evidence in a criminal proceeding. The prosecutor, upon receiving a request for the release of the property, provides notice to the defendant in order for the defendant to arrange for any appropriate inspection or tests.

To combat theft and fraud effectively, insurers are seeking the cooperation of Federal and state law enforcement agencies, the Internal Revenue Service, State Bar Associations, Departments of Motor Vehicles, and the U.S. Postal Service. One problem in counteracting insurance fraud and theft is that the crimes are generally not given a high priority by law enforcement agencies. In an era of increased violent crime and drug trafficking, these higher priority crimes have overburdened law enforcement officers and prosecutors, and these limited resources have not allowed

them to focus on fraud and theft. However, research has shown that due to the problems caused by our nation's recession, there is a high expectancy of many more incidences of theft and fraud.

X. CONCLUSIONS AND RECOMMENDATIONS

This report has been prepared as a response to the request from the Senate and House Committees on Appropriations. The emphasis has been upon the identification, description, and evaluation of existing and potential methods for reducing motor vehicle theft. Further theft reduction will require both individual and cooperative action by various Government agencies (including law enforcement groups at all levels), insurance companies and insurance groups, automobile rental and leasing companies, and consumers themselves. In preparing this report, this agency has contacted knowledgeable personnel in each of the aforementioned groups and this report encompasses all of the information obtained from them. Unfortunately, in many areas, there exists a dearth of quantitative material for measuring the effectiveness and benefits of specific measures. Where quantitative information is lacking, the report has summarized significant anecdotal data and expert opinion which has been offered. In the individual chapters of the report, suggestions and recommendations for action by the various groups involved have been enumerated. For convenience, these recommendations are summarized in this conclusion section together with other proposed actions.

A. Actions By The Federal Government

In the area of action by the Federal Government, the March 1991 Congressional report recommended that the existing Theft Act be modified to (1) allow the NHTSA to reestablish the median theft rate based upon current theft data and (2) allow the NHTSA to redesignate high-theft car lines as low theft if their theft rates has decreased sufficiently. We also recommended amending the existing statute to remove the existing limitation on the number of exemptions allowed each manufacturer from parts marking for use of an antitheft device. (See Appendix A.) Finally, it is proposed that the agency continue to monitor the results of the existing passenger car parts-marking program to determine whether any definitive conclusions can be made in the future regarding its efficacy.

B. Suggestions For Automotive Manufacturers and Dealers

Automotive manufacturers and dealers can do much to encourage the use of antitheft systems by offering and encouraging purchase of such devices in their show rooms. As stated earlier in this report, some manufacturers are planning to produce new car lines with hardened collars on the steering columns. The agency encourages such actions by manufacturers. Many vehicles are stolen by thieves who easily break the plastic steering column encasement, and are then able to start the car by bypassing the ignition system. The use of hardened steel collars rather than

plastic should discourage some thieves and slow others down. Additionally, manufacturers are installing antitheft devices as standard equipment on more vehicles. Manufacturers are now producing vehicles that are more resistant to "slim-jims" or devices used to slide between the window and the door panel to unlock the door. Also, manufacturers are strengthening the glass of the vehicles, making them more shatter proof. The efforts of manufacturers to design and develop cost effective antitheft systems have been especially noteworthy. The success of the General Motors' "PASS-KEY" system has been outstanding, and efforts for further improvement are encouraged.

Although dealer theft is not a relatively large problem, we believe the best approach for automobile dealers to take in attempting to deter vehicle theft would be for them to strengthen internal security, e.g., have background checks of potential employees, secure master keys, etc.; maximize ground security; and require that potential buyers, when test driving a vehicle, leave vehicle keys, the registration of their current vehicle, and a photocopy of the potential buyer's driver's license with the dealer. This would, at the minimum, leave a trail for investigators to follow in the event of a theft.

C. Actions By Automotive Insurers

As previously stated, all insurers should be encouraged to voluntarily provide discounts on comprehensive insurance premiums

for effective antitheft devices. Insurance companies should also expand their participation in and financial support for state programs such as those previously described and should also take the lead in publicizing and distributing to consumers public service announcements and advice for devices to help reduce vehicular theft.

D. Useful Actions By State And Community Law Enforcement Groups

Many states and communities have implemented successful programs aimed at reducing vehicle theft, some particularly aimed at juvenile joy riders. Programs involving decals and window etching are relatively inexpensive and have met with some success. More sophisticated hi-tech systems involving the State police, in conjunction with various electronic tracking systems can be effective where the magnitude of thefts justifies the initial costs.

In addressing the Committees' concern regarding stolen vehicles being involved in accidents, the agency has contacted numerous law enforcement agencies, state motor vehicle administrations, other organizations, and associations. No one was able to provide data that would be useful to support endeavors to prevent such occurrences. The agency reviewed its own National Center for Statistics and Analysis fatal accident reports, and based on that finding, there were, as of January 31, 1992, 31,369 fatal accidents reported for calendar year 1991. Of those, 204

involved a stolen vehicle. Unfortunately, noting of accidents involving stolen vehicles is not being performed at the police jurisdictions. Therefore, it is not possible to get an accurate count of stolen vehicles involved in accidents.

E. Actions To Alert Consumers

Estimates are that some 20 percent of all vehicles are stolen with keys left in the ignition by the driver. Cooperative public service announcements sponsored by insurance companies, law enforcement groups, and the automotive industry could help by alerting drivers to take the following basic precautions to avoid theft:

1. Never leave keys in the ignition when exiting the vehicle.
2. Always close all windows, lock all doors, and take keys with you when leaving the vehicle unattended.
3. Put all packages in the trunk, if possible, and out of sight of passers-by.
4. If the vehicle has an antitheft system, activate it when exiting.
5. Park the vehicle with wheels turned into the curb and apply the emergency brake. For front-wheel drive vehicles apply the emergency brake after the vehicle is in park; and for stick-shift vehicles, put the gear into first or reverse and apply the emergency brake. These steps will make it difficult to tow a vehicle.

In addition, the press releases issued by the Government and by the Insurance Institute for Highway Safety listing the vehicles with highest theft rates could be made more available to the general public via point of sale distribution by dealers, and through more publicity by the media.

APPENDIX A

SYNOPSIS OF THE MARCH 1991 REPORT TO THE CONGRESS AUTO THEFT AND RECOVERY

The Department of Transportation submitted to Congress in March 1991 a report on Auto Theft and Recovery -- Effects of the Motor Vehicle Theft Law Enforcement Act of 1984. Section 614 of the Motor Vehicle Theft Law Enforcement Act of 1984 (Theft Act) directed the Secretary to submit a report to Congress five years after the promulgation of the theft prevention standard in October 1985. The March 1991 report comprises the five year report.

Congress required the Secretary to include the following information in the report: motor vehicle theft and recovery statistics as well as their collection and reliability; the extent to which motor vehicles are dismantled and exported; the market for stolen parts; the cost and benefit of marking parts; arrest and prosecution of auto theft offenders; the Theft Act's effect on the cost of comprehensive insurance premiums; the adequacy of Federal and State theft laws; and an assessment of parts-marking benefits for other than passenger cars.

Additionally, it requested recommendations on whether to continue the standard without change, amend the standard to include other classes of vehicles, or terminate the standard for future motor vehicles. It further stated that the Department could include legislative and administrative recommendations.

The Report evaluated the impact and effectiveness of the theft prevention standard. The theft and recovery data used for the evaluation was derived from the FBI's National Crime Information Center. In the study, theft rates were calculated in terms of thefts per 100,000 registered vehicles, and it indicated that for 1988 (the latest data available for that report) passenger car theft had increased by 22 percent since 1984. In 1988, there were 1,200,000 motor vehicles stolen, with passenger cars accounting for 73 percent of all motor vehicle thefts; light trucks, vans and multipurpose vehicles accounted for 18 percent. The effects of parts-marking was analyzed by comparing theft rates of marked and unmarked MYs 1987 and 1988 car lines to their receptive predecessor lines in 1985 and 1986. When this was done it showed that the theft rate of marked high-theft cars increased 3.4 percent in comparison with prior years (MY 1985 and 1986). The theft rate of low theft, unmarked cars increased 13.5 percent. The higher increase in the theft rate of low-theft vehicles in comparison with high-theft cars continues a trend that had existed for several years and, therefore, was not necessarily an indicator of the success of the Theft Act. After applying an adjustment for pre-existing trends, the difference in the change in theft rates between marked and unmarked cars was found to be statistically insignificant. Similarly, an analysis of recovery rates showed no statistically significant differences between marked and unmarked cars. The Department also analyzed theft claims of seven large insurers. This analysis indicated no

evidence that parts marking had reduced auto theft. It did indicate that insurance costs had increased for both marked and unmarked cars.

The Department found strong support for the parts-marking requirements by the law enforcement community. The report disclosed that those whose concerns focused on theft prevention and deterrence or the capture and prosecution of perpetrators believed that marking parts provided them a valuable tool. Additionally, these groups wanted to extend the coverage of the standard and make the markings used more permanent.

Analysis of the available data led to the conclusion that data used were inadequate and inconclusive for determining whether the parts-marking standard was effective in reducing theft. The Department commented in the report that it believed that it would be premature and costly at that time to extend parts marking to other classes of motor vehicles or to cover more passenger motor vehicles; however, the Department believed that the data did not support a conclusion to terminate the theft prevention standard. Instead, the Department reported that the program should be continued with several changes to enhance its efficiency.

There were three legislative amendments recommended:

- 1) Currently, Section 603(b)(2) of the Theft Act directs the Department to designate likely high-theft car lines based on their expected relationship to the median theft rate which was established for MYs 1983/84. The expected theft rate of a new model is compared to the established median theft rate of 3.2712 for model/calendar years 1983/84. However, theft rates of all automobiles have shown an increasing trend over time. Consequently, comparing each model year to the prior MYs 1983/84 median theft rate, could eventually result in most car lines falling above the median and thereby nearly all lines being designated as high-theft car lines and therefore subject to parts marking.

It was recommended that the statute be amended to allow the Department to establish a median theft rate every year based upon more current year data than that for MYs 1983/84. This would allow the Department to determine the likely high-theft designation of a car line for each new model year by comparison with the median theft rate for the most current year for which data are available. This procedure should result in a more equitable determination of car lines introduced after MYs 1983/84.

- 2) Presently, the Theft Act states that once a car line has been designated as likely high theft, it will be

receives an exemption from the marking requirements pursuant to Section 605 of the Theft Act. On the other hand, the statute does not preclude the Department from redesignating a likely low-theft car line to a likely high-theft line.

The Department recommended that the statute be amended by allowing the Department to redesignate a car line from likely high-theft to likely low-theft if that line has proven to be below an established median theft rate for a designated number of years.

- 3) Currently, the statute states that the Secretary may grant exemption for not more than 2 additional lines for any manufacturer for each model year. These exemptions are for antitheft devices installed as standard equipment and are applied in lieu of marking the vehicle's major component parts.

The third recommendation suggested to amend the statute to allow manufacturers an unlimited number of exemptions per year for the antitheft devices to be used in lieu of the parts-marking requirements on designated high-theft car lines. The Department believed that to encourage manufacturers to use antitheft systems as standard equipment

on its vehicles, there should not be a ceiling on the number of lines to be authorized an exemption.

APPENDIX B

DEFINITIONS

Active Antitheft System - any system where the operator is required to perform some other act than removing the key and locking the door when leaving the automobile.

Passive Antitheft System - any system which is engaged without any extra effort by the driver, aside from removal of the key and locking the door in the same fashion as would be required on an automobile without an antitheft device.

Alarm System - a device which provides any visual or audible indication of tampering with the vehicle. The alarm can utilize the horn of the automobile or any additional sound or lighting device which calls attention to the intrusion.

Disabling Device - a device that acts to cut off a key function necessary for the automobile to move under its own power; this could include fuel-cutoff switches and ignition, starter and electrical interrupters.

Motion Sensor - a device that activates an alarm and/or disabling device when the vehicle is either moved or bumped.

Aftermarket Device - anything other than original equipment antitheft devices sold directly to the vehicle owner.

Antitheft Device - a device to reduce or deter theft which the manufacturer believes will be effective in reducing or deterring theft of motor vehicles; this is in addition to the theft deterrent devices required by FMVSS 114.

Standard Equipment - equipment which is installed in a vehicle at the time it is delivered from the manufacturer and which is not an accessory or other item which the purchaser customarily has the option to have installed.

March 16, 1992

The Honorable Carol B. Hallett
Commissioner
U. S. Customs Service
Room 3636
1301 Constitution Avenue, NW
Washington, DC 20229

Dear Commissioner Hallett:

In the Senate and House Appropriations Bill, the Department of Transportation was required to prepare a Congressional report on auto theft resistance measures. This effort encompassed many areas of concern, one of which was the area of rental and leasing companies' theft experience.

One of the largest rental companies forwarded to the National Highway Traffic Safety Administration some suggested approaches to thwart the exportation of stolen vehicles into Mexico. A copy of that letter is enclosed.

The curtailment of vehicles being illegally taken into Mexico or across U.S. borders is not the responsibility of this Department. I, therefore, yield to your expertise in responding to the enclosed letter from Mr. Seth Kaminsky with AVIS Rent A Car System, Inc.

I appreciate your taking the time to address this issue.

Sincerely,

/s/

Jerry Ralph Curry

Enclosure



An Employee-Owned Company

10/2/91
Avis Rent A Car
System, Inc.

World Headquarters
900 Old Country Road
Garden City, New York 11530

Telephone: (516) 222-3391

SETH KAMINSKY
Vice President
Security and Corporate Services

October 2, 1991

Ms. Barbara Gray
NRM 20
National Highway Safety Administration
Department of Transportation
400 Seventh St., S. W.
Washington, DC 20590

Dear Barbara:

I have tried to gather some detail to follow through on your request but unfortunately, I do not have any decent statistical data which will help. We are, however doing a great many things to reduce our vehicular losses and increase our recoveries. Interestingly, most do not involve the vehicle itself, but rather our facilities, personnel, logistics, administration and systems. Each of these is a topic in itself but all are designed to better safeguard our most valuable asset, the motor vehicle. I will list some of these for you and perhaps there will be something in all this of value regarding your exercise.

Our internal loss prevention efforts include:

- o Ignition key custody and control
- o Strategic vehicle parking on Avis space
- o Fencing
- o Lighting
- o Facility alarming
- o Closed circuit television
- o Guards
- o Employee background checks
- o Substance abuse screening
- o Customer education information (e.g. Lock-It-and-Pocket-The-Key brochures, key tags and posters)
- o Computer tracking of fleet movements
- o Prompt and thorough follow-ups on rental overdues
- o Accurate missing vehicle reports
- o Timely theft reports to police
- o Insuring NCIC listing
- o Prompt vehicle recovery upon notification
- o Insuring cancellation of alarms with PD and NCIC
- o Developing do-not-rent customer files
- o Qualifying customers (to rent)
- o Tracking and investigating lost/stolen credit cards
- o Law enforcement liasion
- o Professional society liasion (IAATI, NATB, IACP, ASIS)

Regarding the vehicle itself, we have tried a number of approaches with minimal success. The approach and the primary reason for our abandoning same are as follows:

- o VIN etching of glass - Cost, defacing of vehicle, limited success in reducing losses.
- o Parts marking - Very costly, ineffective unless done by manufacturer and "known" on street.
- o After market alarms of all types - Customer "education" problems, generally defeatable.
- o Tracking devices - Costly, limited at present to select markets only, still being tested.

A simple approach that does work for us is stickers on cars advising would be thieves that "the parts of this car are marked and known to law enforcement authorities" or "tampering with the radio will render it inoperable". Also we put stickers on door posts to apprise law enforcement authorities of our after hour 800 number to facilitate the recovery of a car they might have located.

On the "wish list" side, there are a host of items, some of which are relatively simple that we believe would go a long way toward impacting the auto theft problem. On the manufacturing side, the most important thing they could do is to strengthen the steering column, preferably with a hardened steel sheath to prevent unauthorized ignition intrusion. The first thing we do in many higher crime areas as new cars arrive is to install these collars. The approach is inexpensive and effective. Factory installed alarms are helpful but are often expensive and not particularly effective.

Federal and State governments could . . .

- o Beef up vehicle theft enforcement especially U.S. Customs to put a dent in the vehicle export problem.
- o Strengthen procedures to impact containerized shipments.
- o Begin efforts to use automated systems to regulate the flow of vehicles into Mexico such that the cars of regular commuters would be so marked as to enable them to cross the border unimpeded but vehicles that should never cross the border (e.g. rental cars) would be so marked (or not marked) and stopped from crossing.

- o Eliminate or tighten the personal use exportation exemption.
- o Initiate parts marking for light trucks, vans and multi-purpose vehicles.
- o Mark all key parts on all automobiles.
- o Initiate a major drive toward uniform state titling.
- o Develop efforts to insure stiffer sentences for auto theft conviction.

On the ownership side we believe far greater efforts can be made via a cooperative effort of the insurance industry, law enforcement, major fleet owners and the media to better educate vehicle owners on the cost and severity of the problem, providing guidelines on safeguarding their vehicle, providing insurance incentives for improved vehicle safeguards, hot lines, etc., etc.

Barbara, I am not sure how helpful any of this is but I have no magic answers other than our moving forward on our own with a variety of small things which together have helped us keep our losses in check. I personally think a great deal of time and effort is being spent on fooling around with "high line", "low line" and elaborate record keeping minutia when the only way we can really impact the parts marking aspect of the effort is to mark all key parts of all new cars. This would not only eliminate law enforcement and manufacturer confusion but also, and more importantly, would inject an effective message to auto thieves that they run a real risk regardless of which cars they steal and chop. I realize the resolution of this is more political than practical and that you are limited as to what you can do but from here, it would seem that we are spending considerable time and effort while the auto theft problem grows. Also, the entire project of parts marking does little to impact the joy riding/abandonment problem which many law enforcement people believe is now more serious than professional chopping.

We think that the exportation laws are among the weakest element in the fight against auto theft and we would welcome the opportunity to present our thoughts in greater detail to whatever "audience" you believe would be appropriate. We have some ideas which, for example, include the imposition of fees to be paid by vehicle exporters to fund the task of enforcing exportation laws. We anticipate moving forward here legislatively and would welcome the opportunity to work with your office toward accomplishing these objectives.

Sincerely,

