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### NCOIL LOOKS TOWARD VOTE ON AFTERMARKET CRASH PARTS MODEL, WILL PURSUE AUTO BODY STEERING

**Troy, New York, March 11, 2010** — State lawmakers at the National Conference of Insurance Legislators (NCOIL) South Carolina Spring Meeting moved closer to a final vote on a controversial model law that would bring transparency and accountability to use of auto crash parts. During meetings on March 5 and 6, the Property-Casualty Insurance Committee targeted key safety and other issues regarding certified aftermarket and original equipment manufacturer (OEM) crash parts—and voted to pursue the model’s anti-steering language as a separate model law.

Adoption of the proposed *Model Act Regarding Motor Vehicle Crash Parts and Repair* would be a first for NCOIL, which has held a series of debates for well over a decade on issues relating to protection of consumers in need of crash part repair or replacement. In South Carolina, the Committee addressed long-standing questions of safety and analyzed in-depth whether certified aftermarket crash parts should be deemed equivalent to OEMs. The discussion drew intense controversy from legislators—who have yet to make a final decision—and interested parties.

The Certified Automotive Parts Association (CAPA) alleged that certified parts are often better made and safer than OEM counterparts and drew comparisons to recent car-company recalls. Automaker representatives asserted that the reverse-manufacturing of all aftermarket parts, regardless of certification, inherently makes them of lesser quality than OEMs. Auto body shops contested the soundness of certified aftermarkets and spoke to liability and other impacts.

Legislators discussed car-company recalls in light of a level playing field and questioned if owners of certified aftermarket crash parts are provided recall notification as are those of OEMs. After further discussion regarding certification, it was noted that there presently is only one certification program and that most parts have not been certified. Aftermarket part representatives declared that non-certified parts can be just as safe as those with accreditation.

Regarding the model’s controversial anti-steering language, the Committee on March 6 officially separated proposed language that would prevent an insurer from suggesting, recommending, or requiring consumer use of, a specific repair shop. The Committee is seeking comments on the model, including alternate language, prior to the NCOIL Summer Meeting.

In South Carolina, the Committee, after extensive debate, agreed to replace model definitions of “refurbished” and “salvaged” crash parts with “recycled” and “remanufactured,” which recyclers say follow current industry practices and terminology.

At present, the *Model Act Regarding Motor Vehicle Crash Parts and Repair* would require disclosure and consent prior to crash part repair/replacement; establish conditions in which insurers could specify use of aftermarket crash parts; mandate permanent, transparent identification of crash parts; and promote accountability.

At the upcoming NCOIL Summer Meeting in July, the Committee will consider draft amendments regarding penalties for auto-body notification/prior-consent violations and regarding insurer disclosure.

Groups participating in the Spring Meeting discussions included representatives of the Alliance of Automotive Manufacturers (AAM), Association of International Automobile Manufacturers (AIAM), Automotive Services Association (ASA), Certified Automotive Parts Association (CAPA), LKQ Corporation, General Motors, National Association of Mutual Insurance Companies (NAMIC), Property-Casualty Insurers Association of America (PCI), Society of Collision Repair Specialists (SCRS), and U.S. Alliance of Collision Professionals.

The Spring Meeting was held in Isle of Palms, South Carolina, from March 5 through 7. The NCOIL Summer Meeting in Boston is slated for July 8 through 11.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at [www.ncoil.org](http://www.ncoil.org).

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