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NCOIL PLANS TO MOVE AIRBAG FRAUD, AFTERMARKET CRASH PART MODELS

Philadelphia, PA, July 13, 2009 — Driven by impassioned debate at a special meeting here, legislators on July 11 made a push for auto insurance consumer protection—voting for thorough review of model acts on airbag fraud and aftermarket crash parts. The unanimous decision, delivered during the National Conference of Insurance Legislators (NCOIL) Summer Meeting, includes holding interim conference calls with interested parties to develop revised drafts for November Annual Meeting consideration.

Committee Chair Rep. Charles Curtiss (TN), who sponsored for discussion the *Model Act Regarding Motor Vehicle Crash Parts and Repair*, characterized the nearly two-hour debate as one focused on standards for good-quality parts. “Whether it’s an airbag or a sheet-metal crash part,” he said, “the item must be well-made. The challenge lies in knowing which ones are safe. An airbag, like ammunition, deploys just once, so there’s no way to pre-test its effectiveness. A crash part can come from various sources, and not all of them are good quality. We need to sort through the controversy and zero in on how best to protect consumers.”

As noted by Rep. Curtiss, the aftermarket crash parts model—which is the latest NCOIL effort to promote transparency and accountability in the auto repair industry—requires notice and approval before crash part repair or replacement and establishes conditions whereby insurers may require use of aftermarket crash parts. The model also mandates permanent, transparent identification of parts, allows consumers to pick their auto repair facility, and promotes accountability, among other things.

Rep. Brian Kennedy (RI), who sponsored the *Model Act Regarding Auto Airbag Fraud*, acknowledged that the airbag discussion moved well beyond fraud concerns. “What began as a review of a straightforward anti-fraud model to combat the illegal sale of stolen airbags shifted quickly to debate over the pros and cons of using aftermarket and recycled airbags. It became clear that only through more detailed discussion and review of airbag issues by members of the P-C Committee and interested parties, could we develop a model law with which we’d feel comfortable and that addresses a potential dangerous practice.”

The airbag model—to which several interested parties submitted last-minute amendments—sets felony penalties for airbag crimes and, among other things, requires that auto body shops show airbag bills of sale or invoices to prove that they had purchased new, suitable replacement airbags. The model extends long-standing NCOIL efforts against insurance-related fraud.

Groups participating in the July 11 special P-C meeting included representatives of the Alliance of Automotive Manufacturers (AAM), American Insurance Association (AIA), Association of International Automobile Manufacturers (AIAM), Assurant Inc., Automotive Services Association (ASA), Certified Automotive Parts Association (CAPA), Coalition Against Insurance Fraud, Coalition for Collision Repair Excellence (CCRE), LKQ Corporation, National Association of Mutual Insurance Companies (NAMIC), Property-Casualty Insurers Association of America (PCI), and Society for Collision Repair Specialists (SCRS).

The Automotive Occupant Restraints Council (AORC), Belron US, and CCC Information Services submitted written remarks.

The Philadelphia Summer Meeting was held July 9 through 12. The New Orleans Annual Meeting is slated for November 19 through 22.

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.

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