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NCOIL MOVES TOWARD FINAL VOTE ON AFTERMARKET CRASH PARTS MODEL

Boston, Massachusetts, July 11, 2010— Legislators gathered here at the Summer Meeting advanced a long-awaited model law to limit insurer use of aftermarket crash parts—moving forward a contentious debate aimed at protecting consumers from poor quality, and perhaps unsafe, products. The July 8 action on the draft *Model Act Regarding Motor Vehicle Crash Parts and Repair* featured adoption of key amendments on disclosure and accountability and set the stage for a final vote on the model at the November NCOIL Annual Meeting.

The lawmakers—spurred by a draft amendment that would deem certified aftermarket parts to be equivalent to original equipment manufacturer (OEM) versions—explored in-depth whether aftermarket parts are inherently less sound than OEMs, as well as whether certified parts are “functionally equivalent” to their car-company peers.

“In lieu of pursuing the ‘deemer’ amendment,” announced Property-Casualty Insurance Committee Chair Sen. Ruth Teichman (KS) after the meeting, “we’ll take up a different proposal in November regarding the kind, quality, safety, fit, and performance of aftermarket crash parts. The new language,” she affirmed, “would have insurers make certain that an aftermarket part warranty is at least as good as what’s there for an OEM.”

Among amendments adopted at the Summer Meeting—during the latest in a series of special aftermarket part discussions—was one that would allow an insurer to specify use of aftermarket crash parts as long as the company disclosed that it might—rather than it would—rely on non-OEM parts. A second amendment would give violators of disclosure/prior consent provisions 30 days to remedy the problem.

An issue of concern during the July 8 discussion—though not tied to a specific amendment—was whether recall systems for non-OEM parts are as successful as car-company efforts. An aftermarket part representative said that her company has an internal process for addressing defective parts. A certification representative said the auto repairers are made aware of decertified parts and that the repairers contact affected consumers. A car manufacturer representative said that both recall systems are less effective than those for OEMs.

Currently the model law—which culminates years of NCOIL debate on aftermarket part oversight—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.

In addition to debate on aftermarket crash parts, the P-C Committee deferred until November its review of changes to a draft *Model Act Regarding Insurer Auto-Body Steering*—a bill that would ban an insurer from mandating use of a specific repair shop, allow certain recommendations, prohibit insurer coercion, intimidation, or interference with consumer choice, and address payments to non-preferred body shops.

The NCOIL Annual Meeting will take place from November 18 through 21 in Austin, Texas.

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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