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NCOIL VOWS FINAL VOTE ON AFTERMARKET PARTS MODEL IN MARCH

Austin, Texas, November 21, 2010 — Before a packed audience long awaiting NCOIL action, legislators at the Annual Meeting here deferred until the 2011 spring conference a final vote on an aftermarket crash parts model that would strengthen consumer choice in auto repair and replacement. On November 18—despite lawmaker plans to resolve the issue—the Property-Casualty Insurance Committee chose to evaluate possible unintended consequences of its model language, after having defeated an amendment deeming equivalency of aftermarket and car-company parts.

Committee Chair Sen. Ruth Teichman (KS), speaking after legislators deferred the *Model Act Regarding Motor Vehicle Crash Parts and Repair*, said, “We’ve vowed to take an up-or-down vote on this model at the Spring Meeting and put to rest an issue that has drawn NCOIL time and attention for more than a decade. Although many of us gathered in Texas expected to walk away from the meeting with a decision, this just isn’t the time to end debate.”

Sen. Teichman noted that “The bill is a balancing act, and we need to ensure that some of our recent decisions wouldn’t cause safety and other problems down the road. This has never been an easy issue.”

The decision to defer followed a 13 to 11 vote in which the Committee overturned an amendment on one of the thorniest aspects of the issue: the degree to which certification means that parts are good-quality and safe. The proposal required insurers to confirm that an aftermarket crash part warranty at least equals that for an original equipment manufacturer (OEM) version. It also—in reintroducing language that has recurred throughout consideration of the model—deemed certified aftermarket parts to be equivalent to OEMs.

Sen. Teichman explained, “Legislators felt that defeat of the equivalency amendment, in addition to a vote that had freed insurers from paying for needed modifications to non-OEM parts, would create a loophole in which consumers would be unprotected from poor quality materials. Vehicle owners cannot be left stranded.”

Also at the meeting, the Committee considered and then withdrew a last-minute amendment to the definitions section. The goal of the change, which car companies had suggested, was to prevent OEM-designed parts that are manufactured by aftermarket manufacturers from being considered aftermarkets.

The proposed model law—which culminates a year and a half of special NCOIL meetings and conference calls—would require disclosure and consent before a crash part is repaired or replaced; set ground rules for insurers to specify aftermarket crash parts; require lasting, visible labels on crash parts; and promote accountability.

Interested parties participating in the Austin event represented, among others, the Alliance of Automotive Manufacturers (AAM), Association of International Automobile Manufacturers (AIAM), Autobody Service Association (ASA), Certified Automotive Parts Association (CAPA), LKQ Corporation, the Property-Casualty Insurers Association of America (PCI), and State Farm Mutual Automobile Insurance Company.

The NCOIL Spring Meeting will take place from March 4 through 6 in Washington, DC.

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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