

August 22, 2005

The Honorable George Keiser  
Chair  
Property-Casualty Insurance Committee  
National Conference of Insurance Legislators  
601 Pennsylvania Avenue, N.W.  
Suite 900, South Building  
Washington, D.C. 20004

Dear Chairman Keiser:

The Automotive Service Association (ASA), the Society of Collision Repair Specialists (SCRS) and the Alliance of Automotive Service Providers (AASP) represent the majority of collision repair facilities in the United States. Each of our organizations have submitted written comments and/or testified in opposition to the Certified Aftermarket Crash Parts Model Act at the National Conference of Insurance Legislators July 7, 2005 hearing in Rhode Island.

The ASA, SCRS and AASP have agreed to collaborate and submit this document on behalf of our respective membership. The written comments submitted previously by these associations consisted of over twenty pages.

We believe that vehicle owners deserve to know what types of replacement crash parts are used in the repair of their vehicles as well as consent to the use of those parts in writing.

With regard to the concept of certification, ASA, SCRS and AASP have, for the past several years, been working closely with the manufacturers of certified aftermarket parts to improve their quality and consistency. All three associations have sent representatives to Taiwan to meet with the manufacturers and government officials. These efforts are ongoing with the latest meeting occurring in June of this year.

Collision repairers are unable to identify aftermarket manufacturers because certified aftermarket parts are sold as "certified" and not by a specific manufacturer. This matter is further complicated because the certification standards are incomplete, and are not consistently enforced by the current certification entities in place. This allows poorly manufactured parts to be certified and sold in the same market as the higher quality certified parts.

There is consensus in our industry that all aftermarket collision parts are not of equal quality to original equipment manufactured (OEM) parts. Parts manufacturers in countries other than the United States have various degrees of capability and expertise as well as differing quality objectives. Some manufacturers strive to produce parts that can

be considered “insurance grade”, while others satisfy the needs of other, non-insurance driven markets. After very poor initial results with aftermarket parts when first introduced, the concept of certification was developed nearly twenty years ago as a means of differentiating high quality parts from those having lesser quality and thus not being suitable for insurance driven repairs. Unfortunately for the collision industry, parts certification has failed. Ordering a certified part does not guarantee that the part is of equal quality to the OEM equivalent. Studies have documented part return rates of 20% and higher. It is also proven each day in repair shops across the country that struggle to “make these parts work”. Many insurers, acknowledging this problem, willingly pay for additional labor to fit and alter these parts because of their required use by the insurer.

Certification, as it exists today, has failed to certify all types of aftermarket collision parts. The result is a confusing policy with regard to these parts requiring that certain parts be certified yet allowing and in some cases mandating that other non-certified parts be used in repairs, i.e. headlamps, non-sheet metal parts, etc. If the insurance industry contends that aftermarket parts are of equal quality when they are certified, then it is only logical that all aftermarket parts specified in a repair should be certified, not just those where a certified part is convenient to use.

The collision industry’s resistance to the use of these parts will diminish only if and when consumers are given proper notice as to the use of these parts and consent to their use in writing.

Parts certification has not been successful in any jurisdiction in the United States to date. Declaring through legislation that certified parts are of equal quality to OEM does not, by itself, improve the quality of these parts. An informed consumer will improve this marketplace. We recommend that NCOIL and the U.S. insurance industry oppose this legislative proposal and embrace fundamental changes in the aftermarket parts industry.

Please contact our associations if we can be of further assistance.

Sincerely,



Darrell Amberson  
Automotive Service Association  
Chairman of the Collision Division



Tom Moreland  
Society of Collision Repair Specialists

Chairman

A handwritten signature in black ink, appearing to read "Nick Kostakis". The signature is fluid and cursive, with a large, sweeping loop at the end.

Nick Kostakis  
Alliance of Automotive Service Providers  
Immediate Past President