

STATEMENT

OF

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AUTOMOTIVE SERVICE ASSOCIATION

**BEFORE THE
PROPERTY-CASUALTY INSURANCE COMMITTEE**

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS

July 7, 2005

Mr. Chairman, members of the Committee, my name is Darrell Amberson. I am President of Lehman's Garage in Bloomington, Minnesota. We operate six collision repair facilities in the Minneapolis-St. Paul, Minnesota area. I also serve as Collision Division Director for the Automotive Service Association (ASA). I am speaking here today on behalf of ASA.

ASA is the largest and oldest independent automotive repair trade association in the United States with members in all 50 states. ASA owns the largest collision repair trade show in the world with thousands of collision repair facility owners participating each year in educational and trade opportunities. I appreciate the opportunity to make a statement at your hearing.

ASA submitted written comments in opposition to state aftermarket parts certification legislation at the NCOIL Spring Conference in South Carolina earlier this year. I would like to make our letter a part of the record for this hearing too. ASA does not believe the aftermarket parts certification legislation, under consideration, adequately protects consumers or repairers. Vehicle owners deserve notice as to the types of parts used in the repair of their vehicles after an accident. The use of any replacement crash parts should follow only after written consent by the vehicle owner. We have provided draft legislation, addressing consumer notice and consent, to NCOIL in the past. I would like also make this draft legislation part of the hearing record.

Collision repairers are on the front lines when consumer questions arise concerning parts. To assure adequate consumer notice and education, it is imperative that written consent by the vehicle owner be part of the collision repair process.

ASA has supported replacement crash parts legislation, requiring notice and written consent, for a number of years in states around the country. Notice and written consent provide the type of consumer protection we believe vehicle owners, our customers, deserve.

With regard to notice and consent, if the federal government can require written consent for businesses to send faxes, the very least we can do is to provide the same options for our customers to keep them safe and assure a quality repair.

Aftermarket parts certification legislation, as proposed, will not provide the kind of protection vehicle owners need.

State by state certification programs invoke all types of regulatory burdens. Enforcement, the lack of quality control and increased bureaucracies are all reasons to say no to aftermarket crash parts certification legislation.

In January 2001, the General Accounting Office released a report requested by the U.S. House of Representatives' Committee on Energy and Commerce on replacement crash parts. The GAO concluded that existing studies on the safety of aftermarket crash parts and recycled airbags show mixed results. The GAO also highlighted the inefficiencies or limitations of the National Highway Traffic Safety Administration's ability to determine aftermarket crash parts defects and recall system.

Consumer Reports magazine reviewed the dilemma collision facilities and consumers face in an investigative report in February 1999. Their report illustrates how

important it is that policymakers do not take the issue of crash parts lightly. Fifty new state bureaucracies with no experience testing parts is not the answer. Neither are the answers to be found in the current private sector options. The federal government has established an agency with the authority to assure the safety of automobile owners. NHTSA has the authority but has not exercised this authority relative to aftermarket crash parts. The GAO report stated that NHTSA has the authority to regulate aftermarket crash parts in the 2001 report.

Before establishing state sanctioned certification bureaucracies, I ask that you first allow our federal policymakers to get their house in order at NHTSA in relation to aftermarket crash parts. Crash parts policy at NHTSA has a long way to go but the law is in place to address safety concerns. If not, the Congress should bear the burden of establishing expanded authority for NHTSA.

I find it ironic that aftermarket parts distributors oppose notice and written consent legislation yet testified this past month in Washington, D.C. in support of federal legislation assuring “consumer choice” for mechanical parts before the U.S. House of Representatives Small Business Committee Subcommittee on Workforce, Empowerment and Government Programs. Are oil filters more important to the safety of consumers than air bags or headlights? I think not.

State governments are not prepared to inspect replacement crash parts. The private sector has a poor track record for such an expansive task. Parts certification entities to date have failed to make a dent in the certification of aftermarket parts even with the support of the insurance and parts industries.

Please oppose the aftermarket crash parts certification legislation. If we move to a non-marketplace solution, NHTSA should be the agency held responsible.

Thank you.