



STATE AND FEDERAL – MARCH, 2008

Currently in Session: U.S. Congress, Alabama, Alaska, Arizona, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, and Wisconsin

Tracking Bills: 40 Watching Bills: 20

CALIFORNIA

SB1059 was introduced on January 7, 2008 by Senator Carole Migden and placed in the Banking, Finance and Insurance Committee on January 19, 2008 (*see story, Page 4*). This bill would provide that requiring a collision repair shop to install an aftermarket part in a vehicle that is under factory warranty is prohibited. SB1059 was amended for a second time on March 24, 2008, and now prohibits requiring the installation of an aftermarket part, as defined, if the part to be replaced is under existing original manufacturer's warranty and it would only apply to a vehicle only during the first five years from the date on which the vehicle is sold as new. Scheduled for a hearing at 1:30 p.m. on April 2, 2008, The bill was further amended and passed the committee. It will now be heard in Judiciary. A big thank you to everyone who wrote letters and circulated petitions- we'll need to do it again!!!

IOWA

HF2122 (identical to SF2326) was introduced January 31, 2008 by Representative Quirk and placed in House Commerce Committee. This bill prohibited insurers from requiring repair businesses to buy parts and supplies from specified sellers. Bill did not meet committee deadline – DEAD

SF2326 (identical to HF2122) was introduced by the Senate Commerce Committee on March 6, 2008 and placed on the Senate Floor calendar.

KANSAS

HB2653 was introduced on January 23, 2008 by the Transportation Committee and referred to the Committee on Insurance & Financial Institutions. This bill states that no insurer may require the use of a particular part. - DEAD

MASSACHUSETTS

HB945 was introduced on January 10, 2007 by Fennell in the Financial Services Committee. The bill requires signed consent for the use of aftermarket parts. The committee held an Executive Session on February 12, 2008; the bill has been reported out of committee and sent to Study Order; no action has been taken. It will sit until and if committee chooses to re-examine the bill. On March 11, 2008 the House accompanied a study order.

HB1003 was introduced on January 10, 2007 by Mariano in the Financial Services Committee. This bill prohibits the

use of a particular company or location to provide automobile glass replacement or repair services of products insured. The committee held an Executive Session on February 12, 2008; the bill has been reported out of committee favorably. On March 10, 2008, bill reported favorably by committee and referred to the committee on House Steering, Policy and Scheduling

HB1098 was introduced on January 10, 2007 by Spellane in the Financial Services Committee. The bill requires disclosure of all parts. The committee held an Executive Session on February 12, 2008; the bill has been reported out of committee and sent to Study Order; on March 11, 2008 the House accompanied a study order.

HB1102 was introduced on January 10, 2007 by Spellane in the Financial Services Committee. This bill Prohibits 3rd party billers from participating as vendors of auto glass replacement and/or repair services for the same insurance carrier The committee held an Executive Session on February 12, 2008; the bill has been reported out of committee favorably. On Feb. 26, 08, the House Bill reported favorably by committee and referred to House Ways and Means.

MINNESOTA

SF 3510 which is in Senate Commerce and Consumer Protection committee and it's companion bill HF3864 in House Public Safety and Civil Justice committee reported do pass and re-referred to committee on March 13, 2008. Bill establishes licensing standards for collision repair shops. Bills crossover deadline was March 19, 2008 and is not currently on the calendar for the week; however, this does not indicate they are dead.

NEW YORK

A44 was introduced on January 3, 2008 by Assemblyman Lafayette in the Transportation Committee. The bill details the right to inspect repairs and return all parts to the customer. It was referred to Committee on Codes on February 12, 2008. On March 27, 2008, Bill was placed on the floor agenda for a hearing.

OKLAHOMA

HB3398 was introduced February 4, 2008 by Cargill and placed in House General Government and Transportation committee. This bill abolishes the Oklahoma Used Motor Vehicle and Parts Commission, transferring the responsibilities and duties to the Oklahoma Motor Vehicle Commission. It was scheduled for a hearing March 3, 2008 @ 10:30 a.m., Room 412-C, but on March 10, 2008 was not taken up for consideration.

WASHINGTON

HB1112 was introduced January 10, 2007 by Representatives Kirby and Strow, having been retained for the 2008 legislative session in the Commerce & Labor Committee. The bill requires written consent for the use of aftermarket parts. - DEAD

HB3053 was introduced by Representative Kirby and Rodne on January 21, 2008. Prohibits steering to a Glass facility . This bill passed the house and was placed in the Senate Financial Institutions & Insurance committee. This bill did not meet session deadline - DEAD

HB3056 was introduced January 21, 2008 by Representatives Kirby, Hasegawa, and Ormsby in the Committee on Insur-

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ance, Financial Services & Consumer Protection. The bill requires written consent for the use of aftermarket parts. OEM manufacturers will essentially retain a 5 1/2 year monopoly. DEAD

WISCONSIN

AB353 was introduced on May 24, 2007 by Representative Van Roy in the Insurance Committee. The bill prohibits an insurer from requiring a certain vendor for repairing a motor vehicle. It was last heard on July 11, 2007, but is currently being compromised on by several parties; there was a meeting held on January 30, 2008 regarding the bill and its potential for some sort of mediation. - DEAD

SB181 was introduced on May 14, 2007 by Senator Breske in the Committee on Transportation, Tourism & Insurance. This bill prohibits an insurer from requiring a certain vendor for repairing a motor vehicle. It was recently discussed in an Executive Session on January 23, 2008, where it was amended to remove the language we opposed and passed out of committee. Did not meet session deadline - DEAD □

Blogs paying lots of attention to industry's efforts to secure a design patent repair clause

HOUSTON--ABPA Exec Stan Rodman, in monitoring some blogs, registered an electronic message on one website whose correspondents have consistently written anti-industry diatribes.

Taking issue with some of the users who see independent aftermarket parts as the whipping boy for problems within their body shop industry, Rodman wrote: "Lost on all of the verbosity on this parts issue are the real facts.

"The OEs (car-makers) have found a new way to try and restrict competition in parts replacement through design patent law, the intent of which we feel was to protect the design of the entire car and not individual parts.

"Australia, New Zealand and more than 20 countries in the European Union have already addressed this deficiency in their laws to allow for "spare parts" competition. They judged it would best benefit the consumer.

"Taken to the Nth degree, carmakers are now in a position where they can even design patent hard parts (parts used for the mechanical repair of a vehicle) and not just the cosmetic sheet metal and exterior components.

"It's a serious issue which has ramifications over a number of industries and not just automotive repair and service.

"As for the parts themselves, this Association has been in existence for more than 27 years representing the interests of those companies which manufacturer and distribute these independently produced parts to the nation's body shops.

"Our largest distributor did not grow to more than 140 locations doing nearly \$1 billion annually by selling cheap knock-offs, as some term them. Our industry did not grow to supplying more than 12 percent of the replacement market because these parts are cheap and/or inferior.

"Most of our members offer a warranty on their products which far exceeds the OEs' parts warranty. In fact, before the advent of this type of parts competition in the late 1970s, the OEs didn't even bother to warranty their parts except for the

first 30 days after installation.

Now their longer term parts warranties are a direct result of the competition we brought to the marketplace. Among those parts which are CAPA certified, our members offer a quality products line which can stand the test against any OE produced replacement product.

"Over a course of several years in which the Collision Industry Conference (CIC) conducted blind field tests for fit and finish during the late '90s, independently produced aftermarket parts more than held their own against the OE products. When the OEs went to stronger paint and primers, so too did our manufacturers, setting up electro-deposition paint and primer lines costing millions of dollars. When the OEs changed to galvanized steel for less weight but more strength, so too did our manufacturers.

"Most of our key overseas sheet metal manufacturers produce for the OEs and have extensive divisions under the same manufacturing roof dedicated to that aspect of the business.

"After nearly three decades, those initial manufacturers who thought they could come into North America with inexpensive products, cheaply made, have long since disappeared. Today, there are good alternative parts and better alternative parts.

"We don't call them knock-offs as this is a disparaging word used by the OEs to demean in the field competition. Years ago, the bias against our parts was based on the perception among body shops that they were sacrificing profitability by carrying a less expensive parts line, no matter the quality.

"The insurance industry absorbs the cost of the parts but the shops make a percentage of everything they buy. If a shop sources a \$400 OE fender, his profitability at 25 percent is greater than if the same type of aftermarket fender were to cost only \$250.00. What didn't fit was the profitability, not the product. But, some independent parts distributors have offset this with larger discounts to the shops leveraging some of the shop loss on parts purchases.

"Still, this emotional issue was further acerbated by the insurance underwriters who desired this type of parts competition because our products, for the first time ever, provided them leverage against the outrageous OE parts pricing, which for many years, enjoyed an unparalleled monopoly.

"In the adversarial realm in which shops and insurance companies exist--each tugging on the same wallet--whatever the insurers want, the shops resist. Now the carmakers want to bring back those good old days. The irony is that they are, in part, being abetted by the very body shops which have the most to lose in this battle. If only OE parts are in the marketplace, can OE-sanctioned (read factory) labor be far behind?

"Believe it, the parts issue is only the tip of the iceberg. The OEs want it all and if current design law helps them get to that hallowed ground, so much the better. We feel strongly that the design laws need changing to allow for a repair parts provision.

"Without this protection, not only does our industry--in time--cease to exist--but the cost to the economy will be enormous as the OEs cannot even begin to fulfill the parts requirements for cars which are five, six and seven years old and which, down the line, will extract from the repair trade a prohibitive parts and availability price.

"It boils down to this: Does competition in the marketplace benefit the motoring public? We overwhelmingly believe it does, especially because it's the same marketplace which selectively ferrets out those parts and product lines without merit!" □