

Approved March 15, 1989
Date

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:30 ~~xx~~/p.m. on January 26, 1989 in room 519-S of the Capitol.

All members were present ~~except~~:

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Hank Avila, Legislative Research
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Mr. Bob Shelinbarger, Kansas Bumper & Body Parts, Inc.
Mr. David A. Hanson, Kansas Association of Property & Casualty
Insurance Companies
Mr. Lee Wright, Farmers Insurance Group
Ms. Lori Callahan, American Insurance Association
Mr. Glenn D. Cogswell, Alliance of American Insurers
Mr. Art Weiss, Assistant Attorney General

The meeting was called to order by Chairman Crowell, and it was announced the order of business would be a continuation of the hearing on HB-2015, concerning the use of after market parts.

Mr. Bob Shelinbarger, Kansas Bumper and Body Parts, Inc., testified in opposition to HB-2015. (See Attachment 1)

Mr. Shelinbarger suggested Lines 39 through 42 be changed to read: "Warranties applicable to the parts as defined herein shall be provided by the manufacturer or distributor of that part."

Mr. David A. Hanson, Kansas Association of Property and Casualty Insurance Companies, testified in opposition to HB-2015. (See Attachment 2)

He said that if any disclosure concerning warranties is necessary, he would prefer a provision stating "warranties applicable to these replacement parts are provided by the part's manufacturer or distributor, rather than by the manufacturer of your vehicle."

Mr. Lee Wright, Farmers Insurance Group, testified as an opponent on HB-2015. (See Attachment 3)

Mr. Wright recommended that HB-2015 would be amended to remove the sentence beginning on line 39 and ending on line 42.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:30 ~~am~~ p.m. on January 26, 1989

Ms. Lori Callahan, American Insurance Association, testified in opposition to HB-2015. (See Attachment 4)

She stated that if an insurance company can provide a part that is of like kind and quality for a cheaper price, premiums may then be lowered.

Mr. Glenn D. Cogswell, Alliance of American Insurers, testified in opposition to HB-2015. (See Attachment 5)

Mr. Cogswell passed among Committee members a letter from Mr. Richard E. Wilborn, Alliance Insurance Companies. (See Attachment 6)

Mr. Art Weiss, Assistant Attorney General, gave clarifying testimony on HB-2015.

Chairman Crowell appointed a subcommittee to further study HB-2015 consisting of Representative Shore, chairman, and Representatives Allen, Empson, Dillon and Everhart.

The meeting was adjourned at 3:00 p.m.


Rex Crowell, Chairman

Kansas Bumper & Body Parts, Inc.

117 N. JACKSON

TOPEKA, KANSAS 66603

PHONE 357-0695

My name is Bob Shelinbarger, owner and president of Kansas Bumper & Body Parts, Inc., Topeka, Kansas. I am a member of the (ABPA) After-market Body Parts Association, of which there are more than 300 distributors, manufacturers and suppliers of body parts for the collision repair industry. I have been active in the evolution and growth of our industry for the past nine years. I have been in the recycled bumper business for twenty years, which experienced this same resistance by the OEM manufacturers and the body shops in the late 50's and 60's. Today the recycled bumper is accepted and is a viable part of the collision industry.

As a supplier, I have been involved with and witnessed the effects to the body shop, manufacturers, insurance companies, auto dismantlers and the consumer. I am not here today to defend aftermarket sheet metal, but to demonstrate the POSITIVE EFFECT these parts have had on a monopoly the OEM's once enjoyed.

The aftermarket was created in the early 80's because suppliers were overly smug. They were selling over priced parts to replace poor quality parts that were rusting away. And while the body shops were paying top dollar, they were also getting a percentage of the list price. Expensive or not, there was no question of fit or quality. Body shops bidding OEM on estimates and buying aftermarket were making a killing!

There was a danger that automakers didn't see. While keeping their prices high insured a good profit, it invited competition by off-shore manufacturers. By the mid 80's the aftermarket was selling sheet metal for nearly half the OEM price.

The OEM's slashed prices and started advertising campaigns to discredit the aftermarket by calling them counterfeit, unsafe and of poor

quality.

The aftermarket met these challenges by identifying all parts by manufacturers voluntarily starting a certification program and offering lifetime warranties. The National Highway Traffic & Safety Administration in Washington, D.C. tested the parts for safety and they performed identical to the OEM parts.

Insurance companies were watching the growth of the aftermarket and the body shops using these parts and getting paid for OEM parts. After trying a parts locator system (Auda Tex) with the auto dismantlers that failed due to variance in pricing and a limited supply of high demand front end parts, the Collision Estimating Service started with aftermarket parts.

This service is used by insurance companies, suppliers and body shops to prepare estimates. ADP established certain criteria and there is a charge for their service. Aftermarket parts began to appear on estimates along with new OEM on insurance estimates.

Body shops began to realize their profit on parts was deteriorating, but price of labor was not increasing. The real issue with the body shop is profit and the insurance company telling them what parts to use and how much they cost. The insurance company wants accountability for parts being used.

All cosmetic auto body parts, those manufactured by carmakers and those manufactured by competitive auto part companies must be fitted and adjusted by the body shops that install them. The SKILL and ATTITUDE of the body shop worker plays a vital role in the end repair result. A skilled body shop person can fit competitive auto parts and carmakers parts with equal precision.

The American free enterprise system of quality and price by competition has been working. Consider these benefits:

1. Reduced prices by the OEM's.
2. Provide a new choice: OEM - New Aftermarket - Used - Repair the damaged part.
3. Better availability. Immediate or within 24 to 48 hour delivery.
4. Better quality. OEM and aftermarket.
5. Better warranty. OEM had none - aftermarket started.
6. Lower or hold price on insurance premium.
7. Save many cars and trucks from being totalled or damaged beyond repair.
8. Participation in R-dot stickers or anti-theft prevention.
9. Accountability or disclosure.

Now I would like to speak to Bill 2015 as it effects the Aftermarket Body Parts Association. We would be in favor of accepting this Bill with certain modifications. Lines 39 through 42 are inflammatory and misleading. An aftermarket part may, in fact, carry an even longer warranty then the original part being replaced. Our recommendation is that lines 39 through 42 be changed to read:

"Warranties applicable to the parts as defined herein shall be provided by the manufacturer or distributor of that part."

Thank you for your consideration.

KANSAS BUMPER & BODY PARTS, INC.
ABPA TESTIMONIAL

In conjunction with the Aftermarket Body Parts Association (ABPA), we wish to make the following statement.

WE ARE IN FAVOR OF--

- 1) Kansas Bumper & Body Parts favors any forms of DISCLOSURE to the motoring public; we believe the motorist has the right to know what parts are being used in the repair of his or her vehicle after a collision.
- 2) Kansas Bumper & Body Parts is in favor of a FREE MARKETPLACE which would ultimately determine which products are worthy of the public's support and patronage.
- 3) Kansas Bumper & Body Parts is in favor of extending to the motoring public the WIDEST CHOICE of quality body parts available at competitive prices. We stand behind these products with a minimum five year written warranty which exceeds the warranty offered by the OEMs on comparable parts.
- 4) Kansas Bumper & Body Parts is in favor of parts which are IDENTIFIED as to manufacturer and country of origin.
- 5) Kansas Bumper & Body Parts is in favor of all aftermarket and OEM body parts being CERTIFIED to meet accepted industry standards.

WE ARE AGAINST--

- 1) Kansas Bumper & Body Parts is against the continuation of the OEM MONOPOLY on collision body parts which for more than six decades allowed a handful of major companies to charge artificially high prices to the repair trade and to the detriment of the motoring public.
- 2) Kansas Bumper & Body Parts is against REGULATIONS & LEGISLATION which, under the disguise of consumer protection, thwarts competition and will again place the control of replacement body parts into the exclusive hands of OEM producers.
- 3) Kansas Bumper & Body Parts is against the PARADE OF DISTORTIONS & CAMPAIGNS OF MIS-INFORMATION by opponents who have a habit of characterising all aftermarket body parts as being inferior regardless of where the parts originate and regardless of which company manufactures them.
- 4) Kansas Bumper & Body Parts is against PROVISIONS ON SPECIFICATIONS which are written into laws mandating that our products must compete against OEM standards when these standards are not known or published by the OEM manufacturers.
- 5) Kansas Bumper & Body Parts is against any type of INFLAMMATORY LANGUAGE written in proposed regulation and legislation which would suggest that the use of non-OEM body parts may endanger the safety of the motoring public when there are no applicable Federal Motor Vehicle Safety Standards relative to cosmetic sheet metal.
- 7) Kansas Bumper & Body Parts is against any inference of WARRANTY INVALIDATION if the motorist, the insurance carrier and/or the body repairman opts to use non-OEM body parts in the collision repair.

RESEARCH AND DEVELOPMENT

— IN PURSUIT OF BETTER TOMORROW

With many years of experiences and skills, Tong Yang grows to be a famous manufacturer specializing in auto body parts. With the knowledge of the worldwide users' demand on the future automobiles more secure, speedy and comfortable, our engineers continuously bury themselves in the following tasks in order to get the best products.

I. Research and development of materials

Using high-molecular material's characteristics, "high strength, lightness and freedom in design", we try to find more of composite materials.

II. Research and development of surface treatment

- High corrosion resistance triple-nickel plating plastic surface
- High film build cathodic electrodeposition for the automotive metal sheet.
- Body color painting for high molecular resin, PP and PU parts.
- On-line painting technology of high heat-resistance plastic and sheet metal parts.
- Mirror, embossing treatment of die surface.

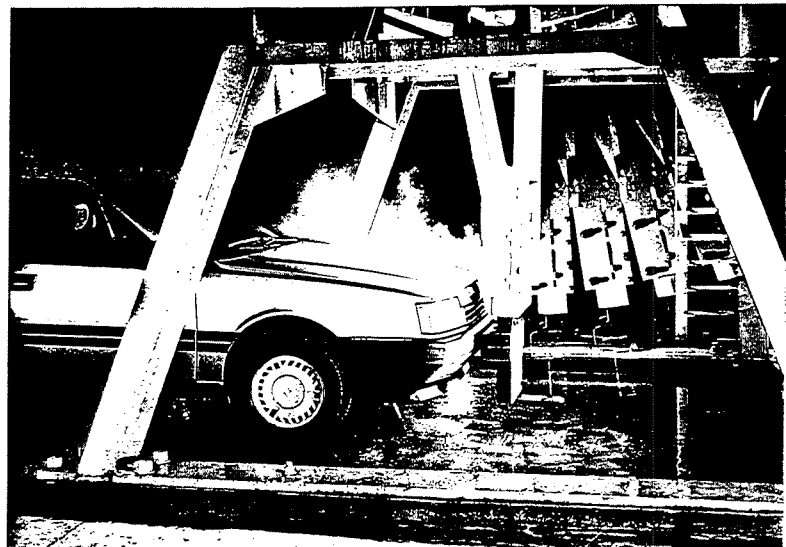
III. Faster and more economic mold/die fabricating skill

- Application of electroforming
- Plot-type epoxy mold
- Aluminum alloy and zinc alloy dies, suitable for small quantity but multiple products.

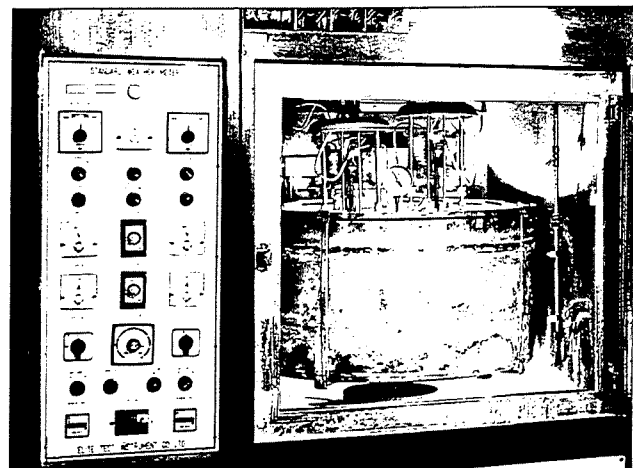
IV. Development of manufacturing technology

Our wide variety of products are a union of technology from molding to process, which should be produced to meet OEM's "on time delivery" management and different customers' demand.

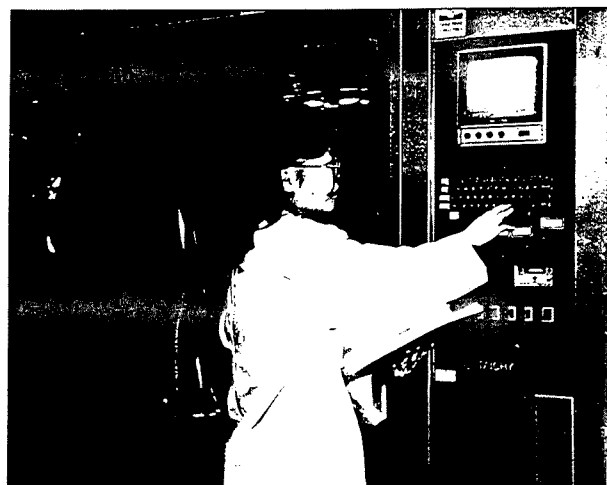
Thus, we are urged to develop a know-how of engineering management from the application of computer aided engineering (CAE), computer aided design (CAD) and computer aided manufacturing (CAM) to flexible manufacture system (FMS) for production management.



Bumper Pendulum Impact Test Equipment



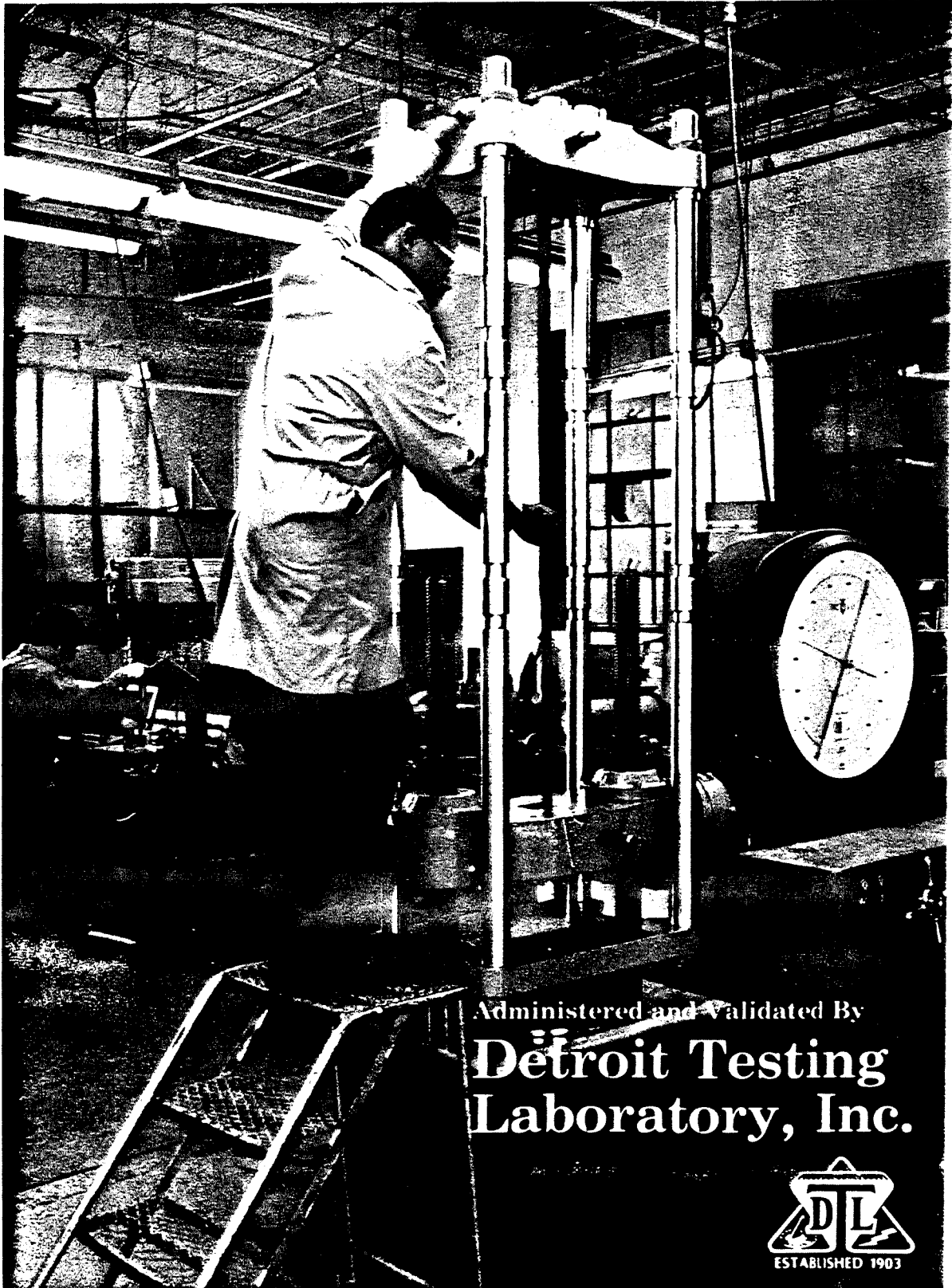
Weather-O-Meter Test



ES Test of Bumper



Body Parts Certification



Administered and Validated By
**Detroit Testing
Laboratory, Inc.**



Hanson

LAW OFFICES
GLENN, CORNISH, HANSON & KARNs
CHARTERED

900 MERCHANTS NATIONAL TOWER

POST OFFICE BOX 1280

TOPEKA, KANSAS 66601

913-232-0545

FACSIMILE NO: 913-232-0005

L. M. CORNISH
DAVID A. HANSON
LARRY G. KARNs
K. KIRK NYSTROM
TODD B. BUTLER
RON D. MARTINEK

RALPH F. GLENN
(1988)

SUITE NO. 1
431 NORTH CASCADE
COLORADO SPRINGS, CO 80903
719 475-1204

TO: House Transportation Committee
RE: HB 2015 - After Market Auto Parts

Mr. Chairman and Members of the Committee:

David A. Hanson appears on behalf of the Kansas Association of Property and Casualty Insurance Companies, whose members are domestic property and casualty insurance companies in Kansas, and NAI, the National Association of Independent Insurers.

While we oppose HB 2015 as being unwarranted and counterproductive, our primary concern is the last sentence of the proposed disclosure set forth in New Section 3 of HB 2015. The proposed language concerning coverage by the original vehicle manufacturer's warranty will unnecessarily alarm most consumers by creating doubts about the replacement parts and applicable warranties. By requiring the use of parts at least equal in quality to the original part in terms of fit and performance, the consumer is assured of receiving quality parts, covered not only by express warranties of the part's manufacturer and supplier, but also by implied warranties required under Kansas law. If any disclosure concerning warranties is necessary, we would prefer a provision stating

Att. 2

LAW OFFICES
GLENN, CORNISH, HANSON & KARNS
CHARTERED

House Transportation Committee
Page Two

"warranties applicable to these replacement parts are provided by the part's manufacturer or distributor, rather than by the manufacturer of your vehicle."

We have available for your review a brochure put together by NAIH.

Competitive auto parts keep prices down. You will find specific examples of this in the brochure. High prices obviously are reflected in the insurance premium. Laws that discourage competition allow these carmaker parts to soar.

Competitive auto parts are equal to carmaker auto parts in Quality, Safety and Warranties. It is in the best interest of the insurance industry and its policyholders that safe, quality parts be used in all repairs. It doesn't make sense that the insurance industry would knowingly cause unsafe parts to be placed on its insured automobile.

Respectfully submitted,



DAVID A. HANSON

HOUSE BILL #2015 - Automobile After Market Parts

HOUSE TRANSPORTATION COMMITTEE

Testimony by Lee Wright

Legislative Representative for Farmers Insurance Group

Mr. Chairman, members of the Committee, my name is Lee Wright. I am representing Farmers Insurance Group of Companies. We provided testimony at the after market parts hearing during the interim study and we appreciate the opportunity to appear here today on House Bill 2015.

For several years now, Farmers Insurance has encouraged the use of quality after market parts. They are identified on all our written estimates whenever they are used. And, except for the last sentence of the disclosure provision, found in New Sec. 3, we would not oppose HB 2015.

Our recommendation to the Committee would be an amendment which would remove the sentence beginning on line 39 and ending on line 42 of the bill. We feel that part of the disclosure provision is simply unnecessary.

First of all, we believe it generally stands to reason that one part manufacturer is not going to provide a warranty on another manufacturer's part.

Secondly, all the after market part distributors we deal with provide at least a five year warranty and most give a lifetime warranty.

We, therefore, can see no real reason for including this sentence as it may confuse and needlessly alarm car owners. If, however, the committee feels the need for some type of language in the disclosure addressing warranties, I have attached with my testimony an amendment using language from the Tennessee statute.

The amendment would strike the last sentence of the disclosure provision and replace it with the following:

Warranties applicable to these replacement parts are provided by the parts manufacturer or distributor, rather than by the manufacturer of your vehicle.

Thank you Mr. Chairman, that concludes my remarks.

HOUSE BILL No. 2015

By Special Committee on Transportation

Re Proposal No. 44

12-22

16 AN ACT concerning motor vehicles; relating to the repair thereof;
17 concerning the use of after market parts; disclosure; amending
18 K.S.A. 50-626 and repealing the existing section.

19 *Be it enacted by the Legislature of the State of Kansas:*

20 New Section 1. As used in this act, "after market part" means
21 sheet metal or plastic parts which generally constitute or provide
22 support for the exterior of a motor vehicle, including inner and outer
23 panels.

24 New Sec. 2. No insurance company shall require the use of after
25 market parts in the repair of a motor vehicle unless the after market
26 parts are at least equal in quality to the original part in terms of fit
27 and performance.

28 New Sec. 3. Any person who prepares an estimate of the cost
29 of motor vehicle repairs shall disclose to the owner of the motor
30 vehicle, either on the estimate or on a separate document attached
31 to the estimate, the following information in at least 10-point type:

32 THIS ESTIMATE HAS BEEN PREPARED BASED ON THE
33 USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIG-
34 INAL MANUFACTURER. PARTS USED IN THE REPAIR OF
35 YOUR VEHICLE BY OTHER THAN THE ORIGINAL MAN-
36 UFACTURER ARE REQUIRED TO BE AT LEAST EQUAL IN
37 QUALITY IN TERMS OF FIT AND PERFORMANCE TO THE
38 ORIGINAL MANUFACTURER PARTS THEY ARE REPLAC-
39 ING. ~~PARTS USED IN THE REPAIR OF YOUR VEHICLE BY~~
40 ~~OTHER THAN THE ORIGINAL MANUFACTURER MAY NOT~~
41 ~~BE COVERED BY THE VEHICLE MANUFACTURER'S~~
42 ~~WARRANTY.~~

43 All after market parts installed on the motor vehicle shall be clearly

Warranties applicable to these replacement parts are provided by the parts manufacturer or distributor, rather than by the manufacturer of your vehicle.

3-1-59

1216



4350G7

7548

1 #10011598

GR. 1.266
GRILLE

MADE IN TAIWAN

General Motors Corporation, Detroit Michigan 48202

GM Service Parts Operations
General Motors Corporation
H 555 VISTA DRIVE
SPARKS , NV 89431

UPS SHIPPER NO
873-400
763049
PKG ID. #/SHIP-

TO
JERRY SEINER CHEV INC
730 W 2100 SOUTH

SALT LAKE CITY UT 84119

510420 384
CUSTOMER ORDER ITEM
123394 404
4.00 B 2
WEIGHT FLT LANE
SPECL NUMBER

DAY	TIME	DOCK	SEQUENCE	TRL	CNTL
U53					920S
					DATE 0921
					TYPE PAD

343

CATALOG DESCRIPTION/LINE	DLR LOC	SURPLUS LOCATIONS-MIT
1266/GRILLE /	000456	NO SURPLUSES

PLANT LOCATION	PART NUMBER	TAG	QTY	DISB	FPL	SEG
303 007 02	10011598	ONE		314781	62	1

DRAW 30

12339404043 03848

PG 359 (7/87)

3-4

TESTIMONY OF LORI M. CALLAHAN
KANSAS LEGISLATIVE COUNSEL
AMERICAN INSURANCE ASSOCIATION
BEFORE THE
HOUSE TRANSPORTATION COMMITTEE
JANUARY 24, 1989
H. B. 2015

I would like to thank you for the opportunity to testify at this hearing on H. B. 2015 on behalf of the American Insurance Association and its member companies. AIA is a national trade association representing more than 187 companies that write property and casualty insurance.

AIA would recommend that the last sentence in the warning which appears on lines 39-42 of H.B. 2015 be revised or omitted. This statement is not contained in the National Association of Insurance Commissioners Model Act, although the remaining provisions of the warning are in the Model Act. I have attached a copy of the Model Act for your information.

Additionally, while the statement contained in the bill is true on its face, it misleads the public into a misperception that no warranties exist for their after-market parts. To the contrary, warranties for these parts are provided by the manufacturers and distributors of the parts. If the purpose of the bill is to accurately inform the public, this sentence should be revised or omitted, since as written it misinforms the public of the status of warranties for after-market parts.

If you have any questions while deliberating on this matter, please do not hesitate to contact me.

Attach. 4

PM

AFTER MARKET PARTS MODEL ACT
(Based on the NAIC Model Regulation)

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Section 1. Purpose

The purpose of this Act is to set forth standards for prompt, fair and equitable settlements applicable to automobile insurance with regard to the use of after market parts. It is intended to regulate the use of after market parts in automobile damage repairs which insurers pay for on their insured's vehicle. This Act requires disclosure when any use is proposed of a non-original manufacturer part. It also requires that all after market parts, as defined in the Act, be identified and be of the same quality as the original part.

Section 2. Definitions

- Rules & Regs
instead of Statute.*
- A. "Insurer" includes any person authorized to represent the insurer with respect to a claim who is acting within the scope of the person's authority.
 - B. "Non-Original Manufacturer" means any manufacturer other than the original manufacturer of the part.
 - C. "After market part" for purposes of this Act means sheet metal or plastic parts which generally constitute or provide support for the exterior of a motor vehicle, including inner and outer panels.

Section 3. Identification

All after market parts, which are subject to this Act and manufactured after the effective date of this Act shall carry sufficient permanent identification so as to identify its manufacturer. Such identification shall be accessible to the extent possible after installation.

Section 4. Like Kind and Quality

No insurer shall require the use of after market parts in the repair of an automobile unless the after market part is at least equal in quality to the original part in terms of fit and performance.

Section 5. Disclosure

The insurer must disclose to the policyholder in writing, either on the estimate or on a separate document attached to the estimate, the following information:

THIS ESTIMATE HAS BEEN PREPARED BASED ON THE USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIGINAL MANUFACTURER. PARTS USED IN THE REPAIR OF YOUR VEHICLE BY OTHER THAN THE ORIGINAL MANUFACTURER ARE REQUIRED TO BE AT LEAST OF EQUAL QUALITY IN TERMS OF FIT AND PERFORMANCE TO THE ORIGINAL MANUFACTURER PARTS THEY ARE REPLACING.

After market parts installed on the vehicle shall be identified on the estimate of such repair.

Section 6. Enforcement

Violations of this Act shall be enforced through the state's Unfair Trade Practices Act by the penalties provided for in said Act.

Section 7. Severability

If any section or portion of this Act, or the applicability thereof to any person or circumstance is held invalid by a court, the remainder of this Act, or the applicability of such provision with a person shall not be affected thereby.

Section 8. Effective Date

This Act shall become effective on _____.

advisory advisory advisory

COSMETIC REPAIR PARTS REMOVED — NO EFFECT ON COMPLIANCE, CRASH TEST SHOWS

Number 2
November 1987



INSURANCE
INSTITUTE
FOR
HIGHWAY
SAFETY
HIGHWAY
LOSS
DATA
INSTITUTE

Watergate 600
Washington, DC
(202) 333-0770

Car fenders, door panels, and other cosmetic repair parts used to be available only from automakers. Now they're being sold by other suppliers, too, and in this competitive market there's heated debate about the relative quality of parts from various sources. An important point of the debate involves safety — specifically, will using parts from suppliers other than original-equipment manufacturers affect compliance with federal motor vehicle safety standards?

It was on this question that the Insurance Institute for Highway Safety initially entered the debate, pointing out in an earlier *Advisory* (No. 1, January 1987) that there's no reason to believe — let alone assume — that cosmetic body parts significantly affect car crashworthiness. Parts like fenders, door panels, and grills serve no structural or safety function. They simply cover the car like a skin.

Still, the debate continues with a few auto manufacturers insisting that using competitive body parts may affect a car's compliance with federal crash test safety standards. With the possible exception of hoods, General Motors doesn't subscribe to this viewpoint. But other automakers including Nissan and Toyota do.

Crash Test Makes Case — Again

One way to address this issue, besides carefully explaining why cosmetic parts aren't safety-related, is to demonstrate the point. On August 26, 1987, the Insurance Institute for Highway Safety conducted a 30 mph front-into-barrier crash test of a 1987 Ford Escort to measure compliance with the federal motor vehicle safety standards (FMVSSs) that specify crash test requirements. The key to the test was this: The Escort was crashed *without* its front fenders, door panels, or grill. If compliance could be achieved *without* such parts, we reasoned, it would convincingly demonstrate that cosmetic parts — whether original-equipment or competitive — are irrelevant to meeting federal safety requirements.

The Escort's original-equipment hood was replaced with a competitive part to measure compliance with FMVSS 219, according to which the hood must not intrude into the windshield or a defined zone around it in a 30 mph crash test.

Standard-by-Standard Results

The Institute's demonstration was conducted in accordance with federal procedures for compliance testing. And the result? The Escort complied with the front-into-barrier crash test performance requirements of the relevant safety standards. It met these requirements with room to spare, even without its cosmetic body parts:

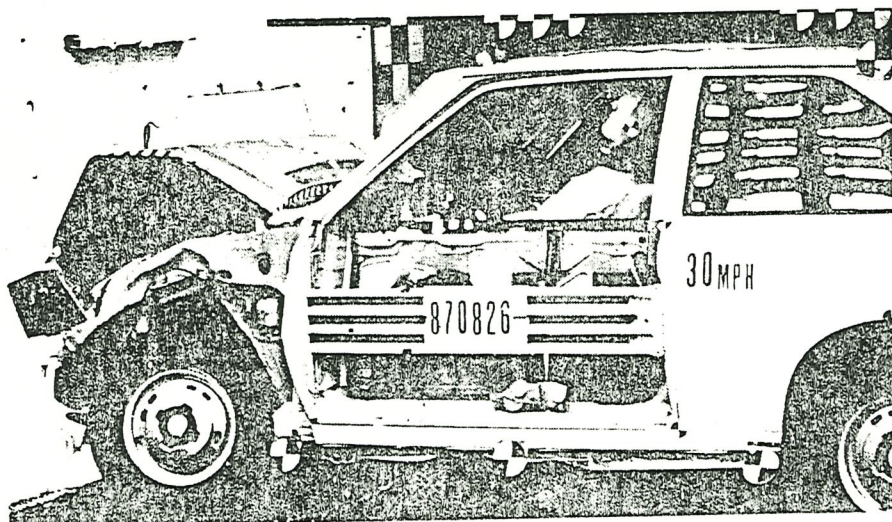
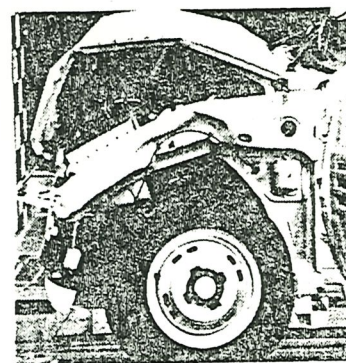
The Insurance Institute for Highway Safety and the Highway Loss Data Institute are independent non-profit public service organizations that help reduce the number of traffic deaths, injuries and property damage resulting from crashes on the nation's highways. Their work is fully supported by the American Insurance Association, the American Insurers Highway Safety Alliance, the National Association of Independent Insurers, Safety Association and several individual insurance companies.

FMVSS 204 limits the amount of rearward movement of the steering column into the passenger compartment to reduce the likelihood of chest, neck, and head injury. In the Institute's test, there was no appreciable movement of the steering column. Measurements in relation to reference points were essentially the same before and after the crash test.

FMVSS 208 specifies requirements for both active and passive occupant protection systems. The Escort used in the Institute's test was equipped with two-point automatic shoulder belts plus fastened manual lap belts in the front seat. Measurements from the two anthropomorphic test dummies were impressive — the driver's Head Injury Criterion was 296 and the passenger's was 339, both far below the federal maximum of 1,000 for cars with automatic restraints. Femur loads and chest g forces were also well within allowable limits.

FMVSS 212 requires that the windshield mounting remain anchored in place and retain at least 75 percent of its periphery. (For cars with automatic restraints, this requirement is reduced to 50 percent.) In the Institute's crash test, windshield retention was 100 percent.

FMVSS 219 regulates the intrusion of vehicle parts (usually the hood) from outside the occupant compartment into the windshield or a protected zone in front of it. As the Institute pointed out in a previous *Advisory*, this is the only standard where compliance could possibly be affected by cosmetic parts. The key question is whether competitive hoods will buckle, as new-car hoods are designed to do. Are the sections of competitive hoods welded together strongly enough to prevent separation while buckling? Or might a competitive hood be pushed back through a car's windshield and endanger front-seat occupants in crashes? In the Institute's test, the hood buckled and did not intrude into the protected zone. It easily met the requirements of FMVSS 219. Other competitive hoods examined by Institute engineers have built-in buckle points, too, indicating they will buckle in frontal crashes, just as they are supposed to.



FMVSS 301 limits fuel spillage in front, side, and rear crash tests, which include rolling the car over after the test to check for leakage. In the Institute's 30 mph crash test, fuel spillage was zero.

Findings from the August 1987 crash test thus demonstrate convincingly that, with the exception of hoods, the cosmetic parts used to repair cars are irrelevant to safety. In fact, cars without any of these parts at all easily comply with the front-into-barrier crash test requirements set by the federal government.

TESTIMONY OF
GLENN D. COGSWELL
Kansas Counsel
ALLIANCE OF AMERICAN INSURERS
Before the
HOUSE TRANSPORTATION COMMITTEE
Hearing on House Bill 2015
JANUARY 26, 1989

My name is Glenn Cogswell. I am Kansas Counsel for the Alliance of American Insurers. The Alliance is a national insurance trade association of more than 170 property and casualty insurance companies, including 35 companies which do business in Kansas.

Except for the last sentence in the disclosure statement which appears in New Sect. 3., beginning in line 39 and ending in line 42, H. B. 2015 follows the NAIC model language. The Alliance questions the need for any legislation in regard to marketing of after market parts. However, if the committee feels that some legislation on this matter is desirable, then we strongly urge the deletion of the language in the required disclosure statement noted above.

The language, "Parts used in the repair of your vehicle by other than the original manufacturer may not be covered by the vehicle manufacturer's warranty" is ambiguous and misleading. There is no question that the original manufacturer of the vehicle is not obliged to warrant an after market part furnished by another manufacturer. This goes without saying and needs not

to be said. Generally, the manufacturer of the replacement parts has it's own warranties. The same principle applies to all other replacement parts (i.e. brakes, tires, etc.). No such disclosure statement is required for such other replacement parts, nor should it be. If the intent of the statement in the disclosure is to imply that the manufacturer's warranty on the vehicle may be voided by the use of any after market part not provided by the original manufacturer, then the statement is a misrepresentation.

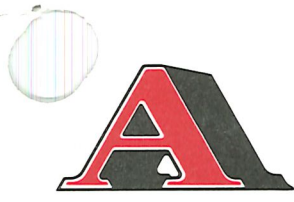
Adequate protection is afforded to the consumer in New Section 2 which provides that no insurance company shall require the use of after market parts in the repair of a motor vehicle unless the after market parts are at least equal in quality to the original part in terms of fit and performance.

The Alliance urges that the language beginning in line 39 and ending in line 42 of the bill be deleted. In the alternative, perhaps other suitable language could be found such as the language proposed by Mr. Pauley that would be appropriate.

Thank you for the opportunity to express our concerns with H. B. 2015 in its present form.

(Coyne) Print test.

3



**FARMERS ALLIANCE MUTUAL INSURANCE COMPANY
CENTENNIAL: 1888 - 1988**

1122 North Main

P.O. Box 1401

McPherson, Kansas 67460

(316) 241-2200

HOUSE BILL 2015

I am Richard E. Wilborn, Vice-President of Government Affairs of the Alliance Insurance Companies, McPherson, Kansas. We are active in the automobile market in the state of Kansas. As a matter of fact, we have approximately 40,000 automobiles insured in the state of Kansas.

We understand House Bill 2015 is a proposal offered by the Special Committee on Transportation. It has language following the National Association of Insurance Commissioners' model with exception of warranty language

We oppose this bill in its entirety. It is our opinion that legislation such as this serves no purpose whatsoever to the consuming public. The competitiveness of this industry has helped stabilize the collision rates associated with the auto insurance policy.

If the committee feels that they must pass some sort of legislation as it relates to the replacement parts used in the repair of a vehicle, then we strongly oppose the language referring to warranties.

Therefore, we would like to see lines 39 through 42 stricken.

The language in this section is ambiguous and is a scare tactic as it relates to using competitively priced replacement parts. Obviously a manufacturer of a vehicle would not warrant the manufacture of parts made by another vendor. This is true also of mechanical parts or any other after market parts.

Secondly, warranties of some manufacturers further do not warrant the paint or any other part that has been reconditioned by a body shop. The body shop would indeed stand behind the repainting.

Because of this, we respectfully request H.B. 2015 not be considered for further action.

Thank you.
msailler

RW:bh

TRUST YOUR FUTURE TO A PROVEN PAST_{sm}

ALLIANCE COMPANIES

Att. 6

6-2

HOUSE BILL No. 2015

By Special Committee on Transportation

Re Proposal No. 44

12-22

16 AN ACT concerning motor vehicles; relating to the repair thereof;
 17 concerning the use of after market parts; disclosure; amending
 18 K.S.A. 50-626 and repealing the existing section.

19 *Be it enacted by the Legislature of the State of Kansas:*

20 New Section 1. As used in this act, "after market part" means
 21 sheet metal or plastic parts which generally constitute or provide
 22 support for the exterior of a motor vehicle, including inner and outer
 23 panels.

24 New Sec. 2. No insurance company shall require the use of after
 25 market parts in the repair of a motor vehicle unless the after market
 26 parts are at least equal in quality to the original part in terms of fit
 27 and performance.

28 New Sec. 3. Any person who prepares an estimate of the cost
 29 of motor vehicle repairs shall disclose to the owner of the motor
 30 vehicle, either on the estimate or on a separate document attached
 31 to the estimate, the following information in at least 10-point type:
 32 THIS ESTIMATE HAS BEEN PREPARED BASED ON THE
 33 USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIG-
 34 INAL MANUFACTURER. PARTS USED IN THE REPAIR OF
 35 YOUR VEHICLE BY OTHER THAN THE ORIGINAL MAN-
 36 UFACTURER ARE REQUIRED TO BE AT LEAST EQUAL IN
 37 QUALITY IN TERMS OF FIT AND PERFORMANCE TO THE
 38 ORIGINAL MANUFACTURER PARTS THEY ARE REPLAC-
 39 ING. ~~PARTS USED IN THE REPAIR OF YOUR VEHICLE BY~~
 40 ~~OTHER THAN THE ORIGINAL MANUFACTURER MAY NOT~~
 41 ~~BE COVERED BY THE VEHICLE MANUFACTURER'S~~
 42 ~~WARRANTY.~~

43 All after market parts installed on the motor vehicle shall be clearly

44 identified on the estimate of such repair.

45 Sec. 4. K.S.A. 50-626 is hereby amended to read as follows: 50-
46 626. (a) No supplier shall engage in any deceptive act or practice
47 in connection with a consumer transaction.

48 (b) Deceptive acts and practices include, but are not limited to,
49 the following, each of which is hereby declared to be a violation of
50 this act:

51 (1) Representations made knowingly or with reason to know that:

52 (A) Property or services have sponsorship, approval, accessories,
53 characteristics, ingredients, uses, benefits or quantities that they do
54 not have;

55 (B) the supplier has a sponsorship, approval, status, affiliation or
56 connection that he or she does not have;

57 (C) property is original or new, if such property has been de-
58 teriorated, altered, reconditioned, repossessed or is second-hand or
59 otherwise used to an extent that is materially different from the
60 representation;

61 (D) property or services are of particular standard, quality, grade,
62 style or model, if they are of another which differs materially from
63 the representation; or

64 (E) the consumer will receive a rebate, discount or other benefit
65 as an inducement for entering into a consumer transaction in return
66 for giving the supplier the names of prospective consumers or oth-
67 erwise helping the supplier to enter into other consumer transactions,
68 if receipt of benefit is contingent on an event occurring after the
69 consumer enters into the transaction;

70 (2) the intentional use, in any oral or written representation, of
71 exaggeration, innuendo or ambiguity as to a material fact;

72 (3) the intentional failure to state a material fact, or the inten-
73 tional concealment, suppression or omission of a material fact,
74 whether or not any person has in fact been misled;

75 (4) disparaging the property, services or business of another by
76 making, knowingly or with reason to know, false or misleading rep-
77 resentations of material facts;

78 (5) offering property or services without intent to sell them;

79 (6) offering property or services without intent to supply reason-
80 able, expectable public demand, unless the offer discloses the

81 limitation;

82 (7) making false or misleading representations, knowingly or with
83 reason to know, of fact concerning the reason for, existence of or
84 amounts of price reductions, or the price in comparison to prices of
85 competitors or one's own price at a past or future time;

86 (8) falsely stating, knowingly or with reason to know, that a con-
87 sumer transaction involves consumer rights, remedies or obligations;

88 (9) falsely stating, knowingly or with reason to know, that serv-
89 ices, replacements or repairs are needed;

90 (10) falsely stating, knowingly or with reason to know, the reasons
91 for offering or supplying property or services at sale or discount
92 prices-;

93 (11) *knowingly failing to provide the disclosure required in sec-*
94 *tion 3.*

95 Sec. 5. K.S.A. 50-626 is hereby repealed.

96 Sec. 6. This act shall take effect and be in force from and after
97 its publication in the statute book.