

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at
Chairperson

9:02 a.m./~~p.m.~~ on March 22, 1989 in room 254-E of the Capitol.

Members present:

Senators Morris, Francisco, Hayden, Kanan, F. Kerr, Martin, Rock, Sallee and Thiessen.

Committee staff present:

Hank Avila, Legislative Research Department
Ben Barrett, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Louise Cunningham, Committee Secretary

Conferees appearing before the committee:

Rep. Jim Russell
Art Weiss, Attorney General Deputy
Gloria Shirley, Emporia
Norman Sherbert, General Motors
Pat Weichman, Kansas Automotive Dismantlers and Recyclers Association
Leigh Nichols, Motor Vehicle Manufacturers Association, Oklahoma City
Ted Hite, Hadl Collision Repair, Lawrence
Pat Barnes, Kansas Motor Car Dealers Association
Lee Wright, Farmers Insurance Group
Richard Scott, State Farm Insurance

Hearing on H.B. 2238 - Vehicle identification numbers.

Rep. Jim Russell said there was a problem with out-of-state individuals selling vehicles with altered vehicle identification (VIN) in Southeast Kansas. There is a class C misdemeanor penalty for this but for the penalty it is not worth pursuing the out-of-state individual. This bill would provide a class E felony. A copy of his statement is attached. (Attachment 1).

Hearing on H.B. 2066 - Motor vehicle warranties, consumer protection.

Art Weiss, Attorney General Deputy, said when the Lemon Law was enacted in 1985 it was unclear as to whether or not it was a part of the Consumer Protection Act and it is unclear as to who has enforcement authority. This bill would clarify the issue to the effect that the Attorney General has jurisdiction. It would be a service to Kansas consumers. A copy of his statement is attached. (Attachment 2).

Gloria Shirley, Emporia, had submitted a letter dated March 17 in support of H.B. 2066. She wrote of her complaints about a new car that had been purchased and had a long list of complaints. A copy of her statement is attached. (Attachment 3).

Hearing on H.B. 2015 - After market parts, disclosure of use.

Norman Sherbert, General Motors, said they agree with the bill in general and philosophically but the "disclosure" language is inadequate and misleading and he had an amended version. He said there was no way after market parts could be equal. A copy of his statement is attached. (Attachment 4).

Pat Weichman, Kansas Automotive Dismantlers and Recyclers Association, said they feel the consumer has a right to know if non-OEM parts are used in the repair of vehicles. She had some proposed amendments

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

room 254-E, Statehouse, at 9:02 a.m./~~p.m.~~ on March 22, 1989

in a balloon copy of the bill. A copy of her statement is attached. (Attachment 5). There was some discussion as to whether the age of the car should be considered when after market parts could be used.

Leigh Nichols, Motor Vehicle Manufacturers Association, Oklahoma City, said the bill was misleading and would be confusing. He concurred with the amendments offered by Norm Sherbert.

Art Weiss, Attorney General Deputy, said they support the bill but consumers should not be required to have ill-fitting, poorly made replacement parts simply to save insurance companies money. The consumer should receive proper disclosure. Companies should be prevented from using substandard parts. They take no position on the debate but disclosure should be made and violations of this bill by insurance companies would properly be handled by the Insurance Commissioner. A copy of his statement is attached. (Attachment 6).

Ted Hite, Hadl Collision Repair, said he has a problem when consumers do not want after market parts on and the insurance companies insist on them. He said insurance companies should stop forcing the use of these parts. He offered to bring cars up with after market parts that were ill fitting. He said the insurance companies were only interested in keeping their profits up. A copy of his statement is attached. (Attachment 7).

Pat Barnes, said they favor disclosure and the body shop should be excused from warranty liability of these after market parts since they have little control over the choice of parts. Body shops should not be caught in the middle. There should be consumer consent to use of after market parts. A copy of his statement is attached. (Attachment 8).

Lee Wright, Farmers Insurance Group, said they support H.B. 2015 as written. The use of after market parts has forced prices down and any changes in the bill would restrict competition. A copy of his statement is attached. (Attachment 9).

Richard Scott, State Farm Insurance, said measures had to be taken to control costs. Quality is the key and they believe the quality of after market parts is equal. Any replacement part is not the same as original equipment. The committee should look at who is in favor of after market parts. The opponents are car manufacturers who had a monopoly on parts and gouged people on prices. He said he had no opposition to disclosure but to include a scare into customers that it could violate their warranty is not fair. This amendment would dismantle the bill and it would have to start all over. This would destroy the use of after market parts. Who would chose the cheaper part?

The meeting was adjourned at 10:00 a.m.

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER COMMERCIAL AND FINANCIAL INSTITUTIONS
ELECTIONS
TRANSPORTATION

JIM RUSSELL
REPRESENTATIVE, SEVENTH DISTRICT
704 SPRUCE
COFFEYVILLE, KANSAS 67337
(316) 251-1615

March 22, 1989

TO: Senate Transportation and Utilities Committee

SUBJECT: H.B. 2238

Thank you, Mr. Chairman, and members of the Senate Transportation and Utilities Committee.

Before I introduce Mr. Ray McDaniel, Patrolman with the Coffeyville Police Department, let me first explain how the concept for this bill came about.

Ray called me concerned about out-of-state individuals selling vehicles with an altered vehicle identification number (VIN) in Southeast Kansas. I had Bruce Kinzie contact Ray to clarify any questions...the result of which is H.B. 2238.

K.S.A. 8-113 makes it unlawful to destroy or cause to be destroyed, remove or cause to be removed, alter or deface, or cause to be altered or defaced vehicle identification number (VIN) in the State of Kansas... Punishable by a felony.

K.S.A. 1988 Supp. 8-116 makes it unlawful to sell, barter or exchange, or own or have the custody or possession of a motor vehicle which vehicle identification number (VIN) has been destroyed, removed, altered or defaced...Punishable by a class C misdemeanor.

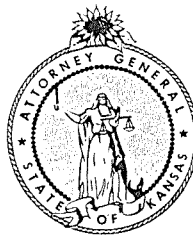
An out-of-state individual changing the vehicle identification number in another state does not violate K.S.A. 8-113. If they sell the vehicle in Kansas it violates K.S.A. 1988 Supp. 8-116, with a class C misdemeanor penalty...it is not worth the effort to pursue the individual out-of-state.

H.B. 2238 would provide for a class E felony penalty, thus justifying the time and expense for curtailing the sale of such vehicles with an altered vehicle identification number (VIN) in Kansas.


Jim Russell

JR:hlh

ATT. 1
T&U
3/22/89



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
TELECOPIER: 296-6296

TESTIMONY OF ARTHUR R. WEISS

DEPUTY ATTORNEY GENERAL

BEFORE THE SENATE COMMITTEE ON TRANSPORTATION & UTILITIES

HEARING ON HOUSE BILL 2066

MARCH 22, 1989

Mr. Chairman and Members of the Committee:

When the Kansas legislature enacted the Lemon Law in 1985, the law was placed within Article 50 of the Kansas Statutes. This is the same article which contains the Kansas Consumer Protection Act. However, it was never made clear whether or not the Lemon Law was actually a part of the Consumer Protection Act. It was also unclear as to who had enforcement authority.

K.S.A. 50-645 imposes upon manufacturers of motor vehicles a duty to repair defects which occur during the warranty period. If the manufacturer is unable to complete repairs satisfactorily after a specified number of attempts, the manufacturer is required to either repurchase or replace the consumer's vehicle.

ATT. 2
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3/22/89

In order to force a manufacturer to replace or repurchase the vehicle, the consumer must first resort to the manufacturer's arbitration procedure. It has been the experience of the Attorney General's Office that in some cases, the consumer is not satisfied with the findings of the manufacturer's arbitration panel. In that case, the consumer is forced to file a lawsuit seeking enforcement of the Lemon Law.

As a service to Kansas consumers, Attorney General Stephan asks that this committee pass this bill clarifying the Attorney General's jurisdiction. The bill clarifies that the Attorney General has jurisdiction to enforce this section. The bill also clarifies K.S.A. 50-646 to make it clear that the consumer would still have his or her individual legal remedies as provided by any other law.

Specific language in the Lemon Law which conveys such jurisdiction to the Attorney General would settle the issue once and for all and clearly allow the Attorney General to enforce the provisions of the Lemon Law on behalf of Kansas consumers.

Thank you very much for this opportunity to address this committee.

1106 Market
Emporia, Kansas 66801
March 17, 1989

Senator Morris:

I am in support of Senate Bill 2066 giving the attorney general the authority to enforce the Kansas lemon law.

I bought a NEW 1987 Buick Regal, sticker price \$15,443, on February 11, 1988. On February 16 I took the car back for repairs. I have spent until today fighting to get a car that is safe and working properly. But, it continues to malfunction and, literally, fall apart. The following is a list of the parts replaced or adjusted.

1. crank shaft replaced
2. main engine bearing replaced
3. fuel pump replaced
4. cruise control replaced, adjusted, and still malfunctioning
5. electric antenna replaced 3 wks after I got the car
6. fuseable link melted down causing loss of all power
7. 2 set of T-top and door seals
8. headliner replaced
9. brakes failed
10. sway bar
11. carbuerator worked on 10 times (needs overhaul again)
12. gear shift linkage fixed 2 times and still won't seat right
13. alternator regulator replaced
14. numerous screws falling from somewhere
15. 2 manifold intake bolts fell out within 3 weeks
16. replaced intake gaskets and 3 weeks later it was leaking and needed gasket replaced again
17. Door straps continue to fall off. Will need welded to fix
18. brake light shorted
19. Brake light in back window not functioning
20. oxygen sensor needed replaced
22. coolant sensor replaced
23. air vents, air conditioner and heater, needed adjusted
24. chrome strips loose on outside
29. speaker loose
30. loose clamps on catalytic convertor
31. loose clamps on heater

TODAY

1. brakes squeal
2. motor knocks
3. starter sticks
4. poor gas mileage 9mpg in town, 16 on trip
5. engine clatters
6. surging

ATT. 3
T&U
3/22/89

This is not a complete list of adjustments to the car or replacements. We have been in 2 single car accidents due to the car "peeling out" or "jerking" when put into reverse. Luckily no bodily damage was done.

On May 22, 1987 I filed with the attorney general's office. They said I had to go through the Better Business Bureau and arbitration. Kobach Buick then began fixing the car. When they could not, I file with BBB on July 15. I am still involved in arbitration, waiting for rehearing which has been postponed 2 times.

No consumer should buy a new car, have to fight to get repairs done, fight to get a car to drive while theirs is being repaired and still have a car that is malfunctioning over a year later.

Consumers need protection and help. I don't have the money to fight Buick. Besides, 2 attorneys said it wouldn't do a "Little Joe Blow Public" any good to fight the corporation.

My physical and emotional health have been affected. My job is affected. I step into the car and wonder what might happen this time.

I feel very strongly that someone with power to do something should help protect the consumer. Please encourage your constituents to pass the bill giving the attorney general power to enforce the lemon law when it is obvious a vehicle is a lemon.

Sincerely,

Gloria Shirley

3-2

316-343-6417

TESTIMONY ON HB 2015
by
Norman R. Sherbert
General Motors Corporation
Before the Kansas Senate Committee on Transportation and Utilities
March 22, 1989

Mr. Chairman:

Senators/Committee Members,

My name is Norm Sherbert, Regional Manager for General Motors Government Relations.

I appear before you this morning in general and philosophical support for HB 2015. This bill would require "disclosure" when crash parts other than those supplied by the original manufacturer of the vehicle are intended for use in repair of the vehicle. However, the "disclosure" language that presently appears in the House version is inadequate and, in fact, misleading. Therefore, I encourage you to move this bill to the Senate floor, but in an amended version.

Attachments:

- 1) Copy of Colorado HB 1155
- 2) Copy of Proposed Language Changes

ATT. 4
T&U
3/22/89

51

STATE OF COLORADO

Business Affairs & Labor

ENGROSSED

BY REPRESENTATIVE Owen;
also SENATOR Allard.

A BILL FOR AN ACT

1 CONCERNING THE USE OF NONORIGINAL MANUFACTURERS' AUTOMOBILE
2 CRASH PARTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Requires that motor vehicle replacement crash parts which are not made by the manufacturer of the original motor vehicle must have the manufacturer's name or trademark affixed to or inscribed on them. Requires that if such parts are specified for use by an insurer in the repair of an insured's motor vehicle, the use of such parts must be disclosed to the insured. Defines "nonoriginal equipment manufacturer". Provides that a violation relating to replacement crash parts is an unfair and deceptive trade practice.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. Article 3 of title 10, Colorado Revised
5 Statutes, 1987 Repl. Vol., as amended, is amended BY THE
6 ADDITION OF A NEW PART to read:

7 PART 13

8 MODEL QUALITY REPLACEMENT PARTS ACT

9 10-3-1301. Short title. This part 13 shall be known and

4-2

As amended 2nd reading
FEB 17 1989
HOUSE

1 may be cited as the "Model Quality Replacement Parts Act".

2 10-3-1302. Legislative declaration. The general
3 assembly declares that the purpose of this article is to
4 recognize the use of replacement automobile crash parts by
5 requiring disclosure when any use is proposed of a nonoriginal
6 equipment replacement crash part, and by
7 requiring that the manufacturer of any such replacement crash
8 part be adequately identified.

(H)

(H)

9 10-3-1303. Definitions. As used in this part 13, unless
10 the context otherwise requires:

11 (1) "Insurer" means every person engaged as principal,
12 indemnitor, surety, or contractor in the business of making
13 contracts of insurance, and any person authorized to represent
14 an insurer with respect to a claim.

15 (2) "Nonoriginal equipment replacement crash part" means a
16 replacement crash part which is not supplied by the manufacturer
17 of the motor vehicle on which the part is used.

18 (3) "Replacement crash part" means a replacement for any
19 of the nonmechanical sheet metal or plastic parts which
20 generally constitute the exterior of a motor vehicle,
21 including inner and outer panels.

22 10-3-1304. Identification of parts. Any nonoriginal
23 equipment replacement crash part supplied for use in this
24 state shall have the name or trademark of the manufacturer
25 affixed to or inscribed on it. Such name or trademark shall
26 be placed so as to be visible after installation of the part
27 whenever practicable.

(H)

1 10-3-1305. Disclosure. No insurer shall specify the use
2 of nonoriginal equipment // replacement crash parts
3 in the repair of an insured's motor vehicle without disclosing
4 the intended use of such parts to the insured. In all
5 instances where nonoriginal equipment // replacement
6 crash parts are intended for use by an insurer, the written
7 estimate shall clearly identify each such part as being a
8 nonoriginal equipment // replacement crash part, and
9 a disclosure document containing the following information in
10 ten-point type or larger type shall appear on or be attached
11 to the insured's copy of the estimate: "This estimate has
12 been prepared based on the use of one or more crash parts
13 supplied by a source other than the manufacturer of your motor
14 vehicle. Warranties, if any, applicable to these replacement
15 crash parts are provided by the parts manufacturer or distributor
16 rather than by the manufacturer of your vehicle."

(H)

(H)

(H)

(H)

(H)

17 10-3-1306. Unfair and deceptive acts. A violation of or
18 noncompliance with any provision of this part 13 shall be an
19 unfair method of competition and unfair or deceptive act or
20 practice in the business of insurance subject to the
21 provisions of part 11 of this article.

22 10-3-1307. Liability. Nothing in this part 13 shall affect
23 either rights, defenses, or liabilities of parties otherwise
24 available at law regarding damages or injuries arising from
25 the use of replacement crash parts.

(H)

(H)

4-3

1 SECTION 2. 10-3-1104 (1), Colorado Revised Statutes,
2 1987 Repl. Vol., as amended, is amended BY THE ADDITION OF A
3 NEW PARAGRAPH to read:

4 10-3-1104. Unfair methods of competition and unfair or
5 deceptive acts or practices. (1) (o) Violation of or
6 noncompliance with any provision of part 13 of this article.

7 SECTION 3. Effective date - applicability. This act
8 shall take effect July 1, 1989, and shall apply to all
9 offenses committed on or after said date.

10 SECTION 4. Safety clause. The general assembly hereby
11 finds, determines, and declares that this act is necessary
12 for the immediate preservation of the public peace, health,
13 and safety.

HOUSE BILL No. 2015

By Special Committee on Transportation

Re Proposal No. 44

12-22

18 AN ACT concerning motor vehicles; relating to the repair thereof;
 19 concerning the use of after market parts; disclosure; amending
 20 K.S.A. 50-626 and repealing the existing section.
 21
 22 Be it enacted by the Legislature of the State of Kansas:
 23 New Section 1. As used in this act: "after (a) "After market

REPLACEMENT

(ADD)

24 part" means sheet metal or plastic parts which are not made by the

EQUIPMENT

(ADD)

25 original manufacturer and which generally constitute the exterior
 26 or provide support for the exterior of a motor vehicle, including
 27 inner and outer panels;

28 (b) "insurer" includes any person authorized to represent the
 29 insurer with respect to a claim who is acting within the scope of
 30 the person's authority.

31 New Sec. 2. (a) No insurance company insurer shall require
 32 the use of after market parts in the repair of a motor vehicle ~~unless~~
 33 ~~the after market parts are at least equal in quality to the original~~
 34 ~~part in terms of fit and performance;~~

(DELETE) X X

(1) WITHOUT DISCLOSING TO THE INSURED THE INTENT
 TO USE SUCH PARTS, AND

(ADD)

(2) WITHOUT THE EXPRESS CONSENT OF THE INSURED
 FOR THE USE OF SUCH PARTS;

↓

35 (b) violations of subsection (a) and section 3 by insurers shall
 36 be enforced under the provisions of K.S.A. 40-2401 et seq., and
 37 amendments thereto.

38 New Sec. 3. Any person who prepares an estimate of the cost
 39 of motor vehicle repairs shall disclose to the owner of the motor
 40 vehicle, either on the estimate or on a separate document attached
 41 to the estimate, the following information in at least 10-point type:
 42 THIS ESTIMATE HAS BEEN PREPARED BASED ON THE
 43 USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIG-
 44 INAL MANUFACTURER. PARTS USED IN THE REPAIR OF

4-4
(DELETE) X X

45 ~~YOUR VEHICLE BY OTHER THAN THE ORIGINAL MANUFACTURER ARE REQUIRED TO BE AT LEAST EQUAL IN~~
 46 ~~QUALITY IN TERMS OF FIT AND PERFORMANCE TO THE ORIGINAL MANUFACTURER PARTS THEY ARE REPLACED.~~
 47 ~~PARTS USED IN THE REPAIR OF YOUR VEHICLE BY OTHER THAN THE ORIGINAL MANUFACTURER~~
 48 ~~MAY NOT BE COVERED BY THE VEHICLE MANUFACTURER'S WARRANTY.~~ **WARRANTIES**
 49
 50
 51
 52

(DELETE - CONTINUED) XX

(ADD) (BOLD LETTERS)

APPLICABLE TO THESE AFTER MARKET PARTS ARE PROVIDED BY THE AFTER MARKET PARTS MANUFACTURER OR DISTRIBUTOR AND ARE NOT WARRANTED BY THE MANUFACTURER OF YOUR VEHICLE OR THE INSTALLER OF THE AFTER MARKET PARTS.



53 All after market parts installed on the motor vehicle shall be clearly
 54 identified on the estimate of such repair.
 55 Sec. 4. K.S.A. 50-626 is hereby amended to read as follows:
 56 50-626. (a) No supplier shall engage in any deceptive act or
 57 practice in connection with a consumer transaction.
 58 (b) Deceptive acts and practices include, but are not limited
 59 to, the following, each of which is hereby declared to be a
 60 violation of this act:
 61 (1) Representations made knowingly or with reason to know
 62 that:
 63 (A) Property or services have sponsorship, approval, acces-
 64 series, characteristics, ingredients, uses, benefits or quantities
 65 that they do not have;
 66 (B) the supplier has a sponsorship, approval, status, affili-
 67 ation or connection that he or she does not have;
 68 (C) property is original or new, if such property has been
 69 deteriorated, altered, reconditioned, repossessed or is second-
 70 hand or otherwise used to an extent that is materially different
 71 from the representation;
 72 (D) property or services are of particular standard, quality,
 73 grade, style or model, if they are of another which differs ma-
 74 terially from the representation; or
 75 (E) the consumer will receive a rebate, discount or other
 76 benefit as an inducement for entering into a consumer trans-
 77 action in return for giving the supplier the names of prospective
 78 consumers or otherwise helping the supplier to enter into other
 79 consumer transactions; if receipt of benefit is contingent on an
 80 event occurring after the consumer enters into the transaction;
 81 (2) the intentional use, in any oral or written representation,

- 82 of exaggeration, innuendo or ambiguity as to a material fact,
- 83 (3) the intentional failure to state a material fact, or the
- 84 intentional concealment, suppression or omission of a material
- 85 fact, whether or not any person has in fact been misled;
- 86 (4) disparaging the property, services or business of another
- 87 by making, knowingly or with reason to know, false or mis-
- 88 leading representations of material facts;
- 89 (5) offering property or services without intent to sell them;
- 90 (6) offering property or services without intent to supply
- 91 reasonable, expectable public demand, unless the offer dis-
- 92 closes the limitation;
- 93 (7) making false or misleading representations, knowingly
- 94 or with reason to know, of fact concerning the reason for, ex-
- 95 istence of or amounts of price reductions, or the price in com-
- 96 parison to prices of competitors or one's own price at a past
- 97 or future time;
- 98 (8) falsely stating, knowingly or with reason to know, that
- 99 a consumer transaction involves consumer rights, remedies or
- 100 obligations;
- 101 (9) falsely stating, knowingly or with reason to know, that
- 102 services, replacements or repairs are needed;
- 103 (10) falsely stating, knowingly or with reason to know, the
- 104 reasons for offering or supplying property or services at sale
- 105 or discount prices;
- 106 (11) knowingly failing to provide the disclosure required in
- 107 section 3.
- 108 Sec. 5. K.S.A. 50-626 is hereby repealed.

109 Sec. 4. ~~The attorney general shall have~~ ^T the jurisdiction to en-

(DELETE) X X

110 force the provisions of section 3, ^{SHALL BE} under the provisions of the con-
 111 sumer protection act, K.S.A. 50-623 et seq., and amendments
 112 thereto, except as it applies to an insurer.

(ADD)

113 Sec. 6 5. This act shall take effect and be in force from and after
 114 its publication in the statute book.
 115

SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

March 22, 1989

HOUSE BILL NO. 2015

Mr. Chairman, Members of the Committee:

I am Pat Wiechman, executive secretary for the Kansas Automotive Dismantlers and Recyclers Association.

The concept of HB 2015 originated during the 1988 Session in the form of Senate Bill 523. That bill was originally introduced by Senator Winter at the request of concerned constituents. After consideration in this Committee, the matter was held over to be addressed by the Interim Committee as Proposal No. 44. A considerable amount of testimony was presented during the summer.

The K.A.D.R.A. Board of Directors has met at length discussing the issue of aftermarket parts. Additionally, at the international convention of the Automotive Dismantlers & Recyclers Association, the issue of aftermarket parts was considered in depth. It is the position of the members of our state association, as well as, that of the international association that OEM (original equipment manufacturer) parts provide the consumer with repair parts that are equal in quality to the parts originally installed by the manufacturer.

ATT. 5
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3/22/89

Non-OEM parts, aftermarket parts, are parts that are manufactured by someone other than the original equipment manufacturer. That may be an overseas company or a domestic company, but it is a company that has not been authorized by the original equipment manufacturer to produce the parts. If non-OEM parts are used in the repair of vehicles, the consumer has the right to know that the vehicle is being repaired with parts other than those manufactured by the original equipment manufacturer. We believe that industry, both insurance and repair, has the responsibility to inform the consumer that non-OEM parts, aftermarket parts, are being used in the repair of the vehicle.

It is important to note that there are two kinds of OEM parts, new parts and used parts. Both are manufactured by the original equipment manufacturer. Both new and used are OEM parts.

I have included with the copy of my testimony a balloon with proposed changes that we recommend for HB 2015. Commencing at Line 24, the word "replacement" needs to be added before the words "sheet metal", since we are specifically addressing replacement parts. At Line 25, the word "equipment" needs to be added between "original" and

"manufacturer", for clarity. Both of these are clean-up changes.

At Line 32, we would recommend striking the remainder of that paragraph through Line 34 and substituting the language shown. It seems there is considerable concern from not only the insurance industry but also from the manufacturers in establishing "fit and performance" standards. By eliminating the fit and performance standard and simply requiring disclosure and then allowing the consumer to sign off showing his consent, we can avoid the conflict of establishing standards that may be difficult to prove or maintain.

In New Section 3, at Line 44, we propose to strike the remainder of the paragraph that is not already stricken. After hearing testimony on the House side and receiving a lot of input from the insurance industry, as well as, the general public, it appeared that the warranty was ambiguous and confusing. The aftermarket parts people have testified that the aftermarket parts are warranted by either the aftermarket parts manufacturer or the aftermarket parts distributor. Therefore, it seems logical to simply state that in the warranty.

As a final clean-up, Section 4 at Line 109 was meant to put the act under the jurisdiction of the attorney general and consumer protection. We are afraid that as this section was originally written, it could be construed to be enforceable by only the attorney general; and we don't believe that was the intent. Therefore, with the proposed changes at Lines 109 and 110, a private attorney could also intervene on behalf of a consumer, as with other consumer protection matters.

K.A.D.R.A. urges your favorable support of HB 2015; and we suggest that the language in the bill be changed as drafted in our balloon.

Thank you for the opportunity to appear before you and express our Association's position. If you have any questions, I will be happy to try to address them.

Respectfully submitted,

Patricia M. Wiechman
Executive Secretary

HOUSE BILL No. 2015

By Special Committee on Transportation

Re Proposal No. 44

12-22

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

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

23 New Section 1. As used in this act; ~~after~~ (a) "After market
24 part" means ~~sheet metal or plastic parts which are not made by the~~
25 original ~~manufacturer and which generally constitute the exterior~~
26 or provide support for the exterior of a motor vehicle, including
27 inner and outer panels;

replacement
equipment

28 (b) "insurer" includes any person authorized to represent the
29 insurer with respect to a claim who is acting within the scope of
30 the person's authority.

31 New Sec. 2. (a) No ~~insurance company~~ insurer shall require
32 the use of after market parts in the repair of a motor vehicle ~~unless~~
33 ~~the after market parts are at least equal in quality to the original~~
34 ~~part in terms of fit and performance.~~

(1) without disclosing to the insured the intent to use such parts; and
(2) without the express consent of the insured for the use of such parts.

35 (b) violations of subsection (a) and section 3 by insurers shall
36 be enforced under the provisions of K.S.A. 40-2401 *et seq.*, and
37 amendments thereto.

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

THIS ESTIMATE HAS BEEN PREPARED BASED ON THE
USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIG-
44 INAL MANUFACTURER. ~~PARTS USED IN THE REPAIR OF~~

warranties applicable to these aftermarket parts are provided by the
aftermarket parts manufacturer or distributor; these after market parts
are not warrantied by the manufacturer of your vehicle or the installer of

5-6

45 ~~YOUR VEHICLE BY OTHER THAN THE ORIGINAL MAN-~~
 46 ~~UFACTURER ARE REQUIRED TO BE AT LEAST EQUAL IN~~
 47 ~~QUALITY IN TERMS OF FIT AND PERFORMANCE TO THE~~
 48 ~~ORIGINAL MANUFACTURER PARTS. THEY ARE REPLAC-~~
 49 ~~ING. PARTS USED IN THE REPAIR OF YOUR VEHICLE~~
 50 ~~BY OTHER THAN THE ORIGINAL MANUFACTURER~~
 51 ~~MAY NOT BE COVERED BY THE VEHICLE MANU-~~
 52 ~~FACTURER'S WARRANTY.~~

53 All after market parts installed on the motor vehicle shall be clearly
 54 identified on the estimate of such repair.

55 Sec. 4. K.S.A. 50-626 is hereby amended to read as follows:

56 50-626. (a) No supplier shall engage in any deceptive act or
 57 practice in connection with a consumer transaction:

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

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

63 (A) Property or services have sponsorship, approval, acces-
 64 sories, characteristics, ingredients, uses, benefits or quantities
 65 that they do not have;

66 (B) the supplier has a sponsorship, approval, status, affili-
 67 ation or connection that he or she does not have;

68 (C) property is original or new, if such property has been
 69 deteriorated, altered, reconditioned, repossessed or is second-
 70 hand or otherwise used to an extent that is materially different
 71 from the representation;

72 (D) property or services are of particular standard, quality,
 73 grade, style or model, if they are of another which differs ma-
 74 terially from the representation; or

75 (E) the consumer will receive a rebate, discount or other
 76 benefit as an inducement for entering into a consumer trans-
 77 action in return for giving the supplier the names of prospective
 78 consumers or otherwise helping the supplier to enter into other
 79 consumer transactions, if receipt of benefit is contingent on an
 80 event occurring after the consumer enters into the transaction;

81 (2) the intentional use, in any oral or written representation,

5-7

of exaggeration, innuendo or ambiguity as to a material fact;

83 (3) the intentional failure to state a material fact, or the
84 intentional concealment, suppression or omission of a material
85 fact, whether or not any person has in fact been misled;

86 (4) disparaging the property, services or business of another
87 by making, knowingly or with reason to know, false or mis-
88 leading representations of material facts;

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

90 (6) offering property or services without intent to supply
91 reasonable, expectable public demand, unless the offer dis-
92 closes the limitation;

93 (7) making false or misleading representations, knowingly
94 or with reason to know, of fact concerning the reason for, ex-
95 istence of or amounts of price reductions, or the price in com-
96 parison to prices of competitors or one's own price at a past
97 or future time;

98 (8) falsely stating, knowingly or with reason to know, that
99 a consumer transaction involves consumer rights, remedies or
100 obligations;

101 (9) falsely stating, knowingly or with reason to know, that
102 services, replacements or repairs are needed;

103 (10) falsely stating, knowingly or with reason to know, the
104 reasons for offering or supplying property or services at sale
105 or discount prices;

106 (11) knowingly failing to provide the disclosure required in
107 section 3.

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

109 Sec. 4. ~~The attorney-general shall have the jurisdiction to en-~~ shall be
110 force the provisions of section 3 ~~under the provisions of the con-~~
111 sumer protection act, K.S.A. 50-623 *et seq.*, and amendments
112 thereto, except as it applies to an insurer.

113 Sec. 6 5. This act shall take effect and be in force from and after
114 its publication in the statute book.

115



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN
ATTORNEY GENERAL

TESTIMONY OF ARTHUR R. WEISS

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
TELECOPIER: 296-6296

DEPUTY ATTORNEY GENERAL

BEFORE THE SENATE COMMITTEE ON TRANSPORTATION & UTILITIES

HEARING ON HOUSE BILL 2015

MARCH 22, 1989

Mr. Chairman and Members of the Committee:

Attorney General Stephan supports House Bill 2015. Kansas consumers should not be required to have ill-fitting, poorly made replacement parts used on their vehicles simply to save insurance companies money on repairs at the expense of the consumer's vehicle.

It is a continuing goal of Attorney General Stephan that Kansas consumers receive proper disclosures. The disclosure outlined in new section 3 will accomplish this purpose. We applaud the provision in this bill requiring that disclosure be made to consumers in the event an estimate for body repairs has been prepared based on the use of automobile parts not made by the original manufacturer.

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Early on in the discussions on this issue there was testimony on both sides of the question of whether non-original equipment manufactured parts are as good as those made by the vehicle's manufacture. We take no position in this debate, but merely point out that the committee, through this bill, has protected the consumer. Companies should be prevented from using sub-standard parts.

Failure to provide the disclosure required in section 3 would be a violation of the Kansas Consumer Protection Act.

Violations of this bill by insurance companies would properly be handled by the Insurance Commissioner. Violations by others would properly fall under the Consumer Protection Act.

Thank you for your consideration and this opportunity to appear before you.

Mr. Chairman Members of the Committee:

My name is Ted Hite, owner of Hadi Collision Repair since Jan. 1982. Kansas State director of the Society of Collision Repair Specialist (S.C.R.S.)

Last year our shop repaired well over 700 cars. In the last seven years at that rate it would be almost 50,000 cars. I have never had a consumer complain of a car that didn't drive right after repairs. I have never had a consumer complain of tire wear after an accident. I have never been sued. I have never even recieved a letter from an attorney, except to praise the repair work done to his car. I think this qualifies me as an expert.

Yesterday Mr. Allen Johnson came into my office with a damage report written by Farmers Group Insurance. The estimate included imitation Ford parts to his Ford Bronco. They were listed as "quality replacements parts." He had no idea that these parts were intended to be used on his truck. When I explained to him what these parts were and how they fit and preform in rust and corrossion test he wanted no part of them!!

However, my experience with Farmers, especially if you are a claimant against them as is Mr. Johnson, is that you are wasting your breath because there is no law that protects him (people like Mr. Johnson. His only recourse is to file a claim with his own company pay his deductible and hope his company can collect from Farmers. If they can't of course this goes against his driving record and could raise his rates, all for something he isn't responsible for. His phone number is listed on my damage report, I challenge you to call him, ask him if he thinks there should be a bill passed to eliminate this unfair practice.

Also, I am enclosing an estimate that I wrote on a 1987 Ford Escort to replace a front fender including the cost of a new fender and all labor and materials to install it. At the bottom of that estimate you will see that the original savings to the insurance co. is \$34.42. If the \$85.00 fender rust out like every original equipment manufactures brochure says they do in their test, then the consumer is going to be faced with a \$518.75 bill be put an(OEM) original equipment manufacture fender on his car. The insurance company involved in this is out nothing. The supplier of the imitation part, if he donates his cost of the fender (about \$30.00) that is all he is out, and you must remember this is a good gamble for him because the big insurance companies want to force this junk on the consumer for him-he doesn't even have to sell people on the idea. If you had a warehouse full of these parts you would be eager too, to say "Oh! they are the same, they fit, they will last!

It seems so simple to me. If involved in an accident and you have a Ford or Chevy or ect. your car should be repaired with those exact same parts. IT"S THAT SIMPLE!

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T&U
3/22/89

Let's put our money where our mouths are. I will present to this committee a new undamaged car with immitaion sheet metal parts installed. More than one car if you like! I will measure the gaps as to fit and bring it to Topeka where all of you can see it.

The opponents of this bill say they are the same, let them withstand my challenge. Opponents of this bill have raised only one fact. Immitation fenders and sheet metal parts cost less! That is the only thing they can honestly present. They say they want to keep rates down, what they mean is they want to keep profits up!

The same insurance companies that spent 70 million dollars in California to defeat a bill to roll back unjust insurance rates are the same ones that are trying to pull the wool over our eyes!

I urge you to eliminate the FORCED use of immitation parts by any insurance company. I urge you to re-write this bill so that it stops this consumer rip-off. I urge you to accept my challenge of new undamaged cars, let the "Proof be in the Pudding."

Hadl Collision Repair

Ted K. Hite, owner

3401 W. 6th St. Lawrence, KS 66044
843-8991

PROFESSIONAL DAMAGE REPORT

NAME Kansas Consumer

DATE 1-24-89

ADDRESS _____

INSURANCE _____

PHONE _____

PARTS ORDERED _____

YEAR MODEL	MAKE OF CAR	BODY TYPE	SERIAL NO	PAIN T NO	
87	FORD	ESCORT			
RE-PAIR	RE-PLACE	REF	LABOR	PARTS	SUBLET AND MATERIAL
X		2.8	2.0	119.42	-OEM
	left front fender				
	Remove & inst all for access & transp				
	A. front bumper		.6		
	B. " inner skirt		.3		
	C. wheel		.3		
	D. Side moulding		.3		
X			.3		8 ⁰⁰
	Under coating				
	Remove & Replace trim items				
	on adjacent panel for color				
	blending to achieve color match		2.0		
	Cover car for enamel overspray		.3		6 ⁰⁰
	Refinish				
	Two Stage	.9			
	color match & Blend	2.0			
		5.7			79 ⁸⁰

REPAIR WORK must be paid in full when car is picked up. No exceptions. **DON'T ASK.**

Current Rate of Daily Storage charged when vehicle is left past 2 weeks of completion date.

OEM Fender 119.42
Imitation " 85.00
SAVING TO INS. Co. 34.42
True COST TO Replace TO consumer

MISC. SHOP SUPPLIES	
WRECKER SERVICE	
FRAME OR UNIBODY	
6.1 REPAIR LABOR	146 40
SUBLET WORK AND MATERIAL	93 80
PARTS	119 42
5.7 REFINISH LABOR	136 80
TOTAL	496 42
TAX	22 33
→ GRAND TOTAL	518 75

MATERIAL AND PARTS PRICES SUBJECT TO CHANGE
ADDITIONAL WORK REQUESTED, OR REPAIRED WILL BE ADDITIONAL

Hadi Collision Repair

Ted K. Hite, owner

3401 W. 6th St. Lawrence, KS 66044
843-8991

PROFESSIONAL DAMAGE REPORT

NAME Allen Johnson
ADDRESS _____
PHONE 749-5759

DATE 3-21-89
INSURANCE Farmers Group
PARTS ORDERED _____

YEAR MODEL	MAKE OF CAR	BODY TYPE	SERIAL NO.	PAINT NO.
1-84	BRONCO	XLT		

RE-PAIR	RE-PLACE	REF	LABOR	PARTS	SUBLET AND MATERIAL
X			.8	155.00	
X		3.1	2.3	93.98	
X			.2	18.38	
X			.2	7.53	
X		2.5	.5		
X			1.5	174.95	
			1.5		
			.2		5.00
		5.6			
		1.5			
		1.5			
		1.5			126.00
		10.1			

REPAIR WORK must be paid in full when car is picked up. No exceptions. DON'T ASK.

Current Rate of Daily Storage charged when vehicle is left past 2 weeks of completion date.

**MATERIAL AND PARTS PRICES SUBJECT TO CHANGE
ADDITIONAL WORK REQUESTED, OR REPAIRED WILL BE ADDITIONAL**

MISC. SHOP SUPPLIES	
WRECKER SERVICE	
FRAME OR UNIBODY	
REPAIR LABOR	168.00
SUBLET WORK AND MATERIAL	131.00
PARTS	449.84
10.1 REFINISH LABOR	242.40
TOTAL	991.24
TAX	44.61
GRAND TOTAL	1035.85

Statement Before The
SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

By The
KANSAS MOTOR CAR DEALERS ASSOCIATION

Wednesday, March 22, 1989

Re: Proposal No. 44 - Automobile After Market Parts
House Bill No. 2015

Mr. Chairman and Members of the Committee, I am Pat Barnes, legislative counsel for the Kansas Motor Car Dealers Association, representing our member franchised new car and truck dealers.

It is not uncommon for new car and truck dealers to now have extensive body shop operations as part of their full sales and service facilities. As with many independent auto body shops and rebuilders, our members will necessarily have to comply with any law dealing with the use and disclosure of "after market" parts in vehicle repairs. Over the past several years the use of quality versus sub-standard exterior repair parts, whether real or perceived, has grown to the point where it now creates problems which essentially catch our auto body repairmen in the middle.

With the interim study of this particular problem, House Bill 2015 emerged. The major components of the original bill were: (1) prohibiting insurance companies from unilaterally

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forcing consumers to use sub-standard parts, (2) requiring the estimator to disclose non-OEM parts, (3) and providing for Consumer Protection Act enforcement of the law.

Although we generally do not favor burdensome disclosure requirements for our operations, the one proposed here seems to be the most expeditious route for addressing the problem. The failure to disclose should be knowingly. This was eliminated along with numerous other House revisions which have neutralized the value of the bill as it presently stands. We have attached a list of additions which should be returned to the bill to make it useful.

Is there a problem? We have heard of situations where there have been problems with repair and replacement parts being misrepresented or not working well with the repair job. Some of these parts originate overseas and can be of sub-standard quality and harder to work with. We are also aware of disputes between consumers and their insurance companies about how repairs are to be made, or what was expected. In fact, this is a primary area where this arises.

In fact, among those dealers having body shops with whom I have discussed this problem, nearly every one of them has acknowledged the existence of the problem. Nearly every one of them feels powerless to do anything about the problem. For example, when the customer has his 1987 Chevrolet repaired after a collision, the customer may not consider the car to still be a 1987 Chevrolet if it doesn't have a Chevrolet part on it. The

customer should have the choice of the repair while being fully aware of the cost differences, if any. To further underscore the problem, many of our members have expressed a fear of openly discussing the problem as many of them do a great deal of insurance repair business and have expressed concern about openly discussing the problems they have encountered with these issues.

Obviously, we will not object to a bill which actually promotes and endorses the use of parts which our members regularly sell. Our members are more familiar with these parts and have indicated they are easier for them to work with. Regardless of this fact, the ultimate goal is to preserve competition and still provide the consumer with the choice he is entitled to receive.

Present law provides little protection for consumers. This is particularly true since insurance companies are exempt from the Consumer Protection Act and unfair claims settlement practices generally must be more widespread than a particular incident.

This is a law which is designed to prevent consumers from being forced to have something that they do not want. It is also designed to avoid an increase in bookkeeping for small companies. This bill will further cooperation between consumers, body shops and insurance companies with regard to the desirability of the parts being used.

As the interim report indicated, a number of states have taken steps to solve the dispute that we have been discussing.

This bill in its present form goes a long way toward providing consumers with some notice of the repairs they have, but little more. No one should assume that this bill will solve any problems.

For example, even though new Section 2 prohibits insurance companies from requiring the use of after market parts unless they are of equal quality to the original parts, most consumers will not have the expertise and resources to challenge this determination if they disagree with it. If that particular provision is to have value, then it should be amended to require consumer consent to the use of non-OEM parts, or some other accessible penalty.¹

We also believe the notice to the consumer should be more specific as we now know original factory warranties will not apply to these parts. Additionally, the body shop should be excused from warranty liability on these parts since it has little control over the choice of parts, and certainly none over engineering and safety standards. The notice for disclosure should be changed to do this.

In closing, I would simply state that despite the additional disclosures which are provided in this particular instance, the overall impact of the bill appears to be favorable. In our view, the body shop is not where this problem has originated, but it is now the battle ground where the problem

¹Notice that in order to challenge, e.g., a \$600 repair as "unequal" under this bill, it would require an attorney, an engineer with expertise in this area and great personal expense.

arises. Body shops, as legitimate businesses, should not be caught in the middle of this struggle. We have been frank with you about our concerns regarding this issue. We consider this to be very important legislation to our industry.

HOUSE BILL No. 2015

By Special Committee on Transportation

Re Proposal No. 44

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

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

New Section 1. As used in this act; "after (a) "After market part" means sheet metal or plastic parts which are not made by the original manufacturer and which generally constitute the exterior or provide support for the exterior of a motor vehicle, including inner and outer panels;

replacement
equipment

(b) "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.

New Sec. 2. (a) No ~~insurance company~~ insurer 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;~~

(1) without disclosing to the insured the intent to use such parts; and (2) without the express consent of the insured for the use of such parts.

(b) violations of subsection (a) and section 3 by insurers shall be enforced under the provisions of K.S.A. 40-2401 et seq., and amendments thereto.

New Sec. 3. Any person who prepares an estimate of the cost of motor vehicle repairs shall disclose to the owner of the motor vehicle, either on the estimate or on a separate document attached to the estimate, the following information in at least 10-point type:
THIS ESTIMATE HAS BEEN PREPARED BASED ON THE USE OF AUTOMOBILE PARTS NOT MADE BY THE ORIGINAL MANUFACTURER. ~~PARTS USED IN THE REPAIR OF~~

45 ~~YOUR VEHICLE BY OTHER THAN THE ORIGINAL MAN-~~
 46 ~~UFACTURER ARE REQUIRED TO BE AT LEAST EQUAL IN~~
 47 ~~QUALITY IN TERMS OF FIT AND PERFORMANCE TO THE~~
 48 ~~ORIGINAL MANUFACTURER PARTS. THEY ARE REPLAC-~~
 49 ~~ING. PARTS USED IN THE REPAIR OF YOUR VEHICLE~~
 50 ~~BY OTHER THAN THE ORIGINAL MANUFACTURER~~
 51 ~~MAY NOT BE COVERED BY THE VEHICLE MANU-~~
 52 ~~FACTURER'S WARRANTY.~~

53 All after market parts installed on the motor vehicle shall be clearly
 54 identified on the estimate of such repair.

55 See. 4. K.S.A. 50-626 is hereby amended to read as follows:
 56 50-626. (a) No supplier shall engage in any deceptive act or
 57 practice in connection with a consumer transaction.

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

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

63 (A) Property or services have sponsorship, approval, acces-
 64 sories, characteristics, ingredients, uses, benefits or quantities
 65 that they do not have;

66 (B) the supplier has a sponsorship, approval, status, affili-
 67 ation or connection that he or she does not have;

68 (C) property is original or new, if such property has been
 69 deteriorated, altered, reconditioned, repossessed or is second-
 70 hand or otherwise used to an extent that is materially different
 71 from the representation;

72 (D) property or services are of particular standard, quality,
 73 grade, style or model, if they are of another which differs ma-
 74 terially from the representation; or

75 (E) the consumer will receive a rebate, discount or other
 76 benefit as an inducement for entering into a consumer trans-
 77 action in return for giving the supplier the names of prospective
 78 consumers or otherwise helping the supplier to enter into other
 79 consumer transactions, if receipt of benefit is contingent on an
 80 event occurring after the consumer enters into the transaction;

81 (2) the intentional use, in any oral or written representation,

WARRANTIES APPLICABLE TO THESE AFTER MARKET
 PARTS ARE PROVIDED BY THE AFTER MARKET PARTS
 MANUFACTURER OR DISTRIBUTOR AND ARE NOT
 WARRANTED BY THE MANUFACTURER OF YOUR VEHICLE
 OR THE INSTALLER OF THE AFTER MARKET PARTS.

and the notice set forth above shall govern
 the warranties applicable thereto.

- 82 of exaggeration, innuendo or ambiguity as to a material fact;
 83 (3) the intentional failure to state a material fact, or the
 84 intentional concealment, suppression or omission of a material
 85 fact, whether or not any person has in fact been misled;
 86 (4) disparaging the property, services or business of another
 87 by making, knowingly or with reason to know, false or mis-
 88 leading representations of material facts;
 89 (5) offering property or services without intent to sell them;
 90 (6) offering property or services without intent to supply
 91 reasonable, expectable public demand, unless the offer dis-
 92 closes the limitation;
 93 (7) making false or misleading representations, knowingly
 94 or with reason to know, of fact concerning the reason for, ex-
 95 istence of or amounts of price reductions, or the price in com-
 96 parison to prices of competitors or one's own price at a past
 97 or future time;
 98 (8) falsely stating, knowingly or with reason to know, that
 99 a consumer transaction involves consumer rights, remedies or
 100 obligations;
 101 (9) falsely stating, knowingly or with reason to know, that
 102 services, replacements or repairs are needed;
 103 (10) falsely stating, knowingly or with reason to know, the
 104 reasons for offering or supplying property or services at sale
 105 or discount prices;
 106 (11) knowingly failing to provide the disclosure required in
 107 section 3.
- 108 Sec. 5. ~~K.S.A. 50-626 is hereby repealed.~~
 109 Sec. 4. ~~The attorney general shall have~~ The jurisdiction to en-
 110 force the provisions of section 3 under the provisions of the con-
 111 sumer protection act, K.S.A. 50-623 *et seq.*, and amendments
 112 thereto, except as it applies to an insurer.
 113 Sec. 6 5. This act shall take effect and be in force from and after
 114 its publication in the statute book.
 115

shall be

House Bill #2015 - Automobile After Market Parts

SENATE 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 and we appreciate the opportunity to speak in support of HB 2015 as it appears before you today.

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.

The use of quality replacement parts produced by companies other than the original manufacturer has not only helped contain increases in auto insurance premiums, but also has forced auto manufacturers to lower prices on their crash parts to meet the competition. We feel this is the main issue here and none other.

We do support HB 2015 in its current form, but would oppose any change to the bill which would restrict competition in the crash parts market.

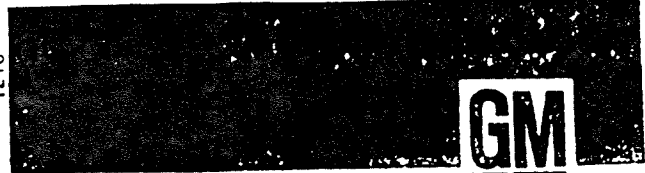
Finally, Mr. Chairman attached to my testimony is a copy of a shipping tag and part sticker which was sent to us by our Auto Claims Manager handling Utah. This particular part is a replacement grille for a 1982 Pontiac Grand Prix and we found it somewhat humorous that this "Genuine G.M. Part" was made in Taiwan.

Thank you Mr. Chairman, that concludes my remarks.


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GR. 1.266
GRILLE

MADE IN TAIWAN

General Motors Corporation, Detroit, Michigan 48202

GM Service Parts Operations General Motors Corporation					UPS SHIPPER NO	
H 555 VISTA DRIVE SPARKS , NV 89431					873-400 763048	
TO JERRY SEINER CHEV INC 730 W 2100 SOUTH					PKG ID. #/SHIP =	
SALT LAKE CITY UT 84119					510420	384
					CUSTOMER	ITEM
					ORDER	ITEM
					123394	404
					4.00	B 2
					WEIGHT	FLT LANE
					PIECE NUMBER	
DAY	TIME	DOCK	SEQUENCE	TRL	CNTL	
U53					920S	343
					DATE	
					0921	
					TYPE	
					PAD	
CATALOG DESCRIPTION/LINE			DLR LOC	SURPLUS LOCATIONS-MIT		
1266/GRILLE /			000456	NO SURPLUSES		
303 007 02	10011598	ONE	314781	62	1	
						DRAW 30
12339404043			03848			
FC 359 (7/87)						