



Dear Chairman Proehl and Members of Transportation Committee,

HB 2482 is similar to a law in Missouri from 2004. The intent of the law is to reduce the number of total loss claims on vehicles in our state. When enacted it will allow insurance companies to take airbag replacement costs out of their total loss calculation. By removing airbags from the repair formula, more cars will fall below the total loss threshold. In turn this will benefit the consumers, insurance providers, dealerships, alternative parts providers and collision repairers (body shops).

Currently, any vehicle up to 7 years old with damage exceeding 75% of its value to repair is deemed a "total loss" and is sold for salvage. It is then processed at auction typically and purchased by either a recycler for parts or by a rebuilder of salvage vehicles for sale to the public once repaired. This branded salvage title makes it difficult to resell such vehicles if rebuilt and lowers the property tax revenue due to the decreased value. The salvaged vehicle does produce a number of alternative (used/salvage) parts for sale in the market but is the only advantage obtained with the existing laws in place.

As vehicles continue to become more and more comfortable for the consumer costs of repair will increase and therefore more total loss vehicles will be produced. In many instances a total loss will hurt the constituents of our state. If a consumer purchases a new or late model used vehicle, finances it over an extended term (in many cases 6-7 years) and then has the unfortunate situation of an accident they could begin a financial spiral negatively affecting the consumer tax base of our state. Due to the depreciated value of the vehicle over the first few years after purchase a consumer will likely owe more than their vehicle (if wrecked) is worth and create a deficit when they move into the next vehicle. Without additional insurance purchased at offset of note the consumer will "roll" that debt into their new loan. This happens to multiple individuals today and creates a burden on our state of untold proportions. Over time the constituents of our state will create a financial hole that cannot be overcome in their personal lives affecting their purchase power in our local economy.

A real example would be a 2019 Toyota CH-R that's in an accident where some of the airbags have been deployed. The car is worth about \$19,000 and the restraint bags needed in the repairs were over \$4000 just in 5 parts. This situation along with the damages deemed this vehicle a total loss under the current law but when HB2482 is enacted it would have been repairable. This consumer who owed more than the settlement amount had to decide how to pay the deficit before or during the purchase of their new car. When passed, the new law would



allow this vehicle to be repaired safely and returned it to the consumer because you excluded airbags and therefore would not become a total loss (salvaged vehicle).

HB 2482 helps all parties involved in the vehicle repair process. It gives consumers and insurance companies more options when considering costs of repairs. The salvage industry will see an increase in the need for alternative parts. OEM manufacturers (dealerships) will see more purchase of restraint systems due to more vehicle repairing. Insurance companies will see an decrease in total loss settlements. Most importantly the state's constituents will not be negatively affected by their desire to purchase new technology with their vehicles if the unfortunate happens. Many consumers want to keep their vehicles, and this will give owners more opportunity to do that. With this law, they know they can have their vehicle back mechanically sound, properly repaired and safe to drive again.

Thank you,

Jeff Oldenettel, President KABA

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