



News Capsule



Nebraska Autobody Association – News & Information

July 9, 2009

The National Conference of Insurance Legislators (NCOIL) is considering model legislation this month that will affect your business in the near future. Changes being considered would provide stiff penalties including fines and imprisonment for certain acts or omissions performed during a motor vehicle repair.

NCOIL is an organization made up of state legislators whose main area of concern is insurance legislation and regulation. NCOIL drafts model legislation with a goal of having that legislation introduced and adopted throughout the U.S., often with little or no changes.

The Property-Casualty Committee of NCOIL on July 11 will present draft legislation that would make it a felony to perform or omit certain repair procedures. The model law being considered would make it unlawful for any person to

1. Install or reinstall, as part of a vehicle inflatable restraint system, any object in lieu of an airbag that was designed in accordance with federal safety regulations for the make, model, and year of the vehicle.
2. Sell or offer for sale any device with the intent that such device will replace an airbag in any motor vehicle if such person knows or reasonably should know that such device does not meet federal safety requirements
3. Sell or offer for sale an airbag cover that when installed in any motor vehicle gives the impression that a viable airbag is installed in that vehicle.
 - a. Any person who violates this section is guilty of a felony and, upon conviction thereof, shall be punished by a fine of not less than \$ ____ and not more than \$ ____ per violation, or imprisonment in [insert facility] for up to ____ year(s), or both.
 - b. A person whose violation of subsection A(1) of this section results in serious bodily injury or
 - c. death shall be imprisoned for not more than ____ years or fined not more than \$____, or both.

In addition to the above, NCOIL will also consider a Model Act Regarding Motor Vehicle Crash Parts. This model law would require disclosure and consent prior to crash part repair or replacement and; establishes conditions whereby insurers may require use of aftermarket crash parts, including provisions regarding new vehicles and those under original car-company warranty, and; mandates permanent, transparent identification of crash parts, and; provides for consumer choice in selection of an auto repair facility, and, and promotes accountability among other things. Specifically, this act would require an automotive repair facility to

1. Provide a customer with an itemized written estimate for all parts and labor necessary for a specific job. The estimate shall indicate whether a replacement crash part will be new, used, salvaged, or rebuilt, including whether a part will be aftermarket or OEM.
 2. If aftermarket crash parts will be used, page one of the estimate must:
 - a Identify the manufacturer or distributor of each aftermarket crash part.
 - b Disclose that the car company will not warrant aftermarket crash parts.
- c Include the following notice in at least 12-point type: "Installing a part, other than a part described on the written estimate "Installing a part, other than a part described on the written estimate, without prior approval from the customer is unlawful. If you suspect an illegal installation of parts by your auto repair facility, call the [insert state agency] at [insert toll-free telephone number]."

In addition to the above no insurer shall require the use of aftermarket crash parts in the repair of an insured's motor vehicle unless the insurer does all of the following:

- i. Discloses in writing, when a consumer initiates or renews a comprehensive or collision insurance policy, that the insurer requires use of aftermarket crash parts.
- ii. Warrants that aftermarket crash parts are at least equal to corresponding OEM crash parts in terms of kind, quality, safety, fit, and performance. Replacement crash parts certified to meet the standards set by an American National Standards Institute (ANSI)-recognized entity may be deemed equivalent.
- iii. Pays the cost of any modifications to the parts that may become necessary to effect the repair.
- iv. Identifies to the consumer, in a written estimate prior to the repair, 1) any aftermarket crash part that will be used and 2) that the manufacturer and/or distributor of the aftermarket part warrants it, rather than the original car company.

Through NABA's membership in the Society of Collision Repair Specialists, its Executive Director, Aaron Schulenburg will represent the collision repair industry at NCOIL this month. Email NABA at <mailto:nz41254@alltel.net> to obtain a complete copy of the draft legislation being considered by NCOIL (Please put NCOIL in the subject heading).

Fight For What's Right
Join the Nebraska AutoBody Association

Membership application available at

<http://www.nebraskaautobody.com/filedownloads/memberap1&2.pdf>

Information in this news capsule is obtained and condensed from sources believed to be accurate and reliable but readers should consult with an appropriate business professional before acting on information contained herein. Information contained herein does not necessarily reflect the opinions of NABA, its leadership or management. Summary prepared by Norbert Zaenglein.