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August 13, 2009

The Honorable Charles Curtiss, Chair  
NCOIL Property-Casualty Committee  
34 Legislative Plaza  
Nashville, TN 37243

Dear Chairman Curtiss:

The Association of International Automobile Manufacturers, Inc. (AIAM)<sup>1</sup> welcomes the opportunity to provide further input on the proposed Model Act on Auto Airbag Fraud in advance of the interim conference calls the NCOIL Property-Casualty Committee plans to hold in September.

As AIAM indicated at the NCOIL meeting in July, there is no higher priority for automobile original equipment manufacturers (OEs) than the safety of its vehicle owners and passengers, particularly through the use of OE-installed airbags and other vehicle safety features. To this point, AIAM opposes the use of salvaged airbags and respectfully opposes the Model Act on Auto Airbag Fraud as drafted. AIAM concurs with the comments and recommendations submitted by the Alliance of Automobile Manufacturers and other interested parties to delete all references to salvaged airbags from this Model Act.

AIAM and its members believe that salvaged or used airbags could severely compromise the safety protection and performance of an inflatable restraint system because system components have been precisely designed for use in specific vehicles. Consequently, the use of salvage airbags could result in vehicles which no longer meet or exceed applicable safety standards.

Additionally, the information, history and testing available for salvaged and used airbags is insufficient to establish whether the salvaged airbag is damaged or defective and to ensure that the airbag is appropriate for the vehicle on which it is to be installed. Moreover, it is nearly impossible to determine whether any degradation occurred prior to salvage, and whether a salvaged airbag would deploy properly in an accident.

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<sup>1</sup> The Association of International Automobile Manufacturers (AIAM) represents 13 international motor vehicle manufacturers who account for 35 percent of all light duty motor vehicles produced in the United States. Fifty-five percent of all vehicles sold in America by AIAM members are produced in the United States. Nationwide, international automakers have invested \$41 billion in U.S.-based production facilities, have a combined domestic production capacity of 4.1 million vehicles, directly employ more than 90,000 Americans, and generate almost 600,000 thousand U.S. jobs in dealerships and suppliers nationwide.

Further, since OE vehicle factory warranties do not and cannot extend to third party salvage airbags, consumers would be left without the protection of the factory warranty or the assurance from the OE that the vehicle's safety restraint system would operate properly.

Finally, AIAM notes that at least 36 states currently have enacted laws dealing with airbag fraud and suggests that a model act on this issue is unnecessary.

For the reasons stated above, AIAM respectfully opposes the NCOIL Model Act on Auto Airbag Fraud and urges the committee to remove salvage airbags as an option for airbag replacement. AIAM believes there can be no compromise where the operation of this critical vehicle safety system is involved.

Thank you for considering our views and recommendations on the proposed Model Act on Auto Airbag Fraud. If you have any questions or need additional information, please contact Meghan Sullivan, AIAM's State Relations Manager at (703) 247-2112.

Sincerely,



Michael J. Stanton  
President and CEO

