

STATEMENT

Of

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Before the

NCOIL PROPERTY-CASUALTY INSURANCE COMMITTEE

JULY 11, 2009

Good morning, my name is Harry Moppert, owner of Moppert Brothers Collision Services Group in Morton, Pennsylvania. I have been in the collision repair business for over thirty-five years. I am here today representing the Automotive Service Association (ASA), the largest and oldest independent automotive repair association in the United States.

Today, I want to present ASA's comments on NCOIL's Model Laws on Auto Airbag Fraud and Motor Vehicle Crash Parts and Repair.

AUTO AIRBAG FRAUD

As a multiple collision repair shop owner in the Philadelphia area, our company has a policy that we do not install salvage airbags. Why not? In addition to other technical reasons, there is no one test to determine that a salvage airbag will deploy in that split second when lives depend on its function. ASA has been very clear in its opposition to the use of salvage airbags:

ASA discourages the use of [salvage airbags](#). Safety cannot be compromised in this important safety system. While the use of salvage airbags can reduce cost, ASA believes that safety could be severely compromised and that shop owners could be placed at risk for installing salvage airbags. ASA recommends that all shops inquire with their insurance carriers before installing salvage airbags regarding coverage and increases in rates and get this information in writing.

Is this the time to put cost analysis before the protection against injury or even death in that one thousandth of a second when vehicle occupants rely on the integrity of the airbag design?

Automotive airbags and their related engineered parts cannot be compromised in any way without additional risk to the consumer.

In fact, our association went so far as to discourage the installation, by independent repairers, of airbag deactivation switches which was an option required on some vehicles by the National Highway Traffic Safety Administration. Our members take vehicle safety very seriously. With less than half the states requiring vehicle safety inspections, our technicians witness vehicles that should not be on the road and place occupants as well as others at risk.

ASA has worked with some members in the U.S. Senate who have considered a federal law to address airbag fraud issues but there has been no action to date.

Although the proposed model legislation before your Committee includes elements that make some significant improvements to current law, it fails to address a critical issue; salvage airbags should not be used in vehicle repair. The airbag cover and installation stipulations, recordkeeping, police accident reports, and penalties are certainly helpful to the process but at the end of the day, salvage airbags put vehicle occupants at more risk than necessary. Repairers want to use original equipment manufacturer (OEM) airbags where

reliability and performance are tested, warranted and proven. Administering a law as proposed today will be a nightmare for state regulators and law enforcement. With states suffering from diminished economic resources, proper enforcement of this statute would be difficult at best.

ASA asks the Committee to remove salvage airbags as an option for airbag replacement. These airbags may be inferior in quality and not handled appropriately prior to the repair. Our members have witnessed salvage yards that leave these airbags exposed to the elements for long periods of time prior to sale. Removing salvage airbags from the marketplace will be another step to assure the motoring public is less at risk of airbag fraud and defective airbags.

ASA opposes the Model Auto Airbag Fraud Act as currently drafted.

MOTOR VEHICLE CRASH PARTS AND REPAIR

ASA is very concerned about the Crash Parts and Repair model law before this body. Consumers should have a right to formal notice and written consent as to the use of crash parts for the repair of their vehicle. Automobiles are the second largest investment most Americans make in their lives. The quality and safety of the parts used in the repair of their vehicles is of critical importance. Although most states have a notice requirement, typically these are buried in policy agreements and provide no consent requirement or include this consent in the original policy agreement. Our policy is as follows:

ASA supports state disclosure laws that require insurers and auto collision facilities to obtain the express written consent of vehicle owners before installing alternative replacement crash parts. ASA supports disclosure statements that alert consumers that the use of alternative crash parts other than those manufactured by the Original Equipment Manufacturer may have an effect on their warranties market value.

Section 3 of the Model Act does not adequately protect the consumer or the repairer. At a minimum, written consent should be a requirement in "E." The "notice" requirement in "C" continues a pattern of allowing large policy documents to conceal major elements necessary in the repair process. Most vehicle owners do not read or possibly consider important various information items in the policy agreement. These voluminous documents are overwhelming to vehicle owners and most persons never consider that they will be involved in an accident and that the insurance policy will be relevant to their lives.

Section 4's attempt to separate certified parts from other aftermarket parts or make equal certified aftermarket parts with original equipment manufactured parts does not serve consumers or repairers well. Aftermarket crash parts, certified or not, do not assure consumers or repairers that they are equal to OEM. The quality and safety requirements, particularly for offshore parts, may or may not be evident for certified aftermarket parts. Parts certification in the U.S. has been very limited in scope. With 3% or less of the

aftermarket parts being certified, there is little assurance from any data on quality and safety that can be gleaned for policy discussions.

If the Committee opts to pursue the Model Crash Parts and Repair Act, ASA suggests that you limit the scope of this proposal to a formal consumer notice and written consent process applicable to any parts used in the repair, whether they are OEM, aftermarket, certified aftermarket or salvage.

ASA opposes the Model Motor Vehicle Crash Parts Act as currently drafted.

Thank you for allowing me to express the views of the Automotive Service Association.