

August 26, 1997

Mr. Keith B. Greenfield, General Manager  
North Star Bumper  
5085 Wren Drive  
Appleton, WI 54915

Draft

OK

Dear Mr. Greenfield:

Thank you for your letter expressing your concerns about AB 416. This bill is in the Assembly Committee on Consumer Affairs which I chair. At this time I am waiting for the opponents of the bill to meet with the author of the bill to hopefully work out a compromise.

I will keep your concerns in mind when reviewing the compromised proposal.

Sincerely,

CLIFFORD OTTE  
State Representative  
27<sup>th</sup> Assembly District

CO:bmd

The logo for North Star Bumper features a stylized star with radiating lines above the word "North" in a large, bold, serif font. The words "Star Bumper" are in a smaller, bold, sans-serif font to the right of "North".

# North Star Bumper

5085 Wren Drive  
Appleton, WI 54915

Appleton • 414-731-3030  
WATS • 1-800-422-1995  
FAX • 414-731-8041

August 15, 1997

Rep. Cliff Otte  
P O Box 8953  
Madison, WI 53708

Dear Representative Otte:

I am writing you this letter personally, asking you to vote against Bill AB-416. If I understand this bill correctly, it is asking you to make it a law for the customer to have a choice in using aftermarket parts or original equipment parts (O.E.) in repairing their damaged vehicles.

I feel this is a waste of our governments time and money. I work with body shops and insurance companies every day and I hear through these people that if a consumer wants O.E. parts the insurance company okays O.E. parts. The body shop does not like this because they make more money on O.E. parts than aftermarket parts.

If a body shop puts on a new hood for a 1994 Taurus he would charge \$400.00 for an O.E. hood, for an aftermarket hood the charge would be \$200.00. The body shop makes \$100.00 off the O.E. part versus \$50.00 off the aftermarket part, same part same quality. If you were a body shop owner or an O.E. supplier, what part would you sell the consumer? Now ask yourself, who are the biggest supporters of this bill: The consumer or the body shop owners and O.E. suppliers?

There is a hidden agenda here by the O.E. part's suppliers and the body shop owners to corner the market on O.E. parts and to increase their bottom lines. The aftermarket part's industry employs many people in Wisconsin, if this bill were to pass many jobs would be affected, thus hurting Wisconsin's economy!

The body shop owner complains about the quality of the aftermarket parts. This is hard to believe because if you were to put all O.E. parts on a damaged vehicle and the cost exceeds the value of the vehicle, it is considered a total loss and is sold at the Auto Pool. The body shop in turn buys this vehicle from the Auto Pool, rebuilds it with aftermarket parts, then resells the vehicle for a profit. Now once again, who benefits from this bill, the consumer or the body shop owner?

If Bill AB-416 passes it gives the consumer a choice, which they already have, only now the

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body shop will always convince the consumer to use O.E. parts to better the body shop's bottom line, not thinking about the consumer's bottom line. If nothing but O.E. parts were used, insurance premiums would increase to offset the extra cost for O.E. parts. The economy would be affected with large layoffs in the aftermarket industry. This does not help the consumers bottom line.

I have been in the aftermarket parts business for more than 15 years and I feel that if Bill AB-416 passes it would be a backwards step for the economy in Wisconsin and its consumers. Ten years ago aftermarket parts became very popular in Wisconsin because of the low cost and high quality in repairing a damaged vehicle. This kept many jobs in the body shop industry. Cars were no longer considered a total loss because of too much damage. Jobs were created to warehouse, sell and distribute the aftermarket parts.

Right now there is competition in the marketplace. The insurance companies have looked at the market, just like the consumer would choose if he were buying his own parts, and decided that in most cases aftermarket part provide the best value. On the consumer's behalf, aftermarket parts set the warranty standards for both aftermarket and O.E. parts in the automotive industry.

Once again, choice is good for the consumer and right now the consumer has a choice. His choices will be limited severely if Bill AB-416 passes, because of the body shops and O.E. suppliers hidden agenda to increase their bottom line.

Please do not eliminate the competition in the replacement part's business, which is true consumer protection. If you would like to discuss this issue further with me, regarding quality, the loss of jobs, etc., please feel free to contact me at 1-800-422-1995.

Sincerely,



Keith B. Greenfield  
General Manager

August 26, 1997

OK

Draft

Mr. John De Young Jr., Sales Manager  
Fond Du Lac Bumper Exchange  
1285 Morris Street  
Fond du Lac, WI 54935-5641

Dear Mr. De Young:

Thank you for your letter expressing your concerns about AB 416. This bill is in the Assembly Committee on Consumer Affairs which I chair. At this time I am waiting for the opponents of the bill to meet with the author of the bill to hopefully work out a compromise.

I will keep your concerns in mind when reviewing the compromised proposal.

Sincerely,

CLIFFORD OTTE  
State Representative  
27<sup>th</sup> Assembly District

CO:bmd

FOND DU LAC

**BUMPER**

EXCHANGE, INC.

1285 Morris Street • Fond du Lac, WI 54935-5641  
(414) 921-2570 • FAX: (414) 921-0770 • 1-800-236-2570

[www.fdlbumper.com](http://www.fdlbumper.com)

August 19, 1997

Representative Ottie  
State capitol  
P.O. Box 8953  
Madison, Wi 53708

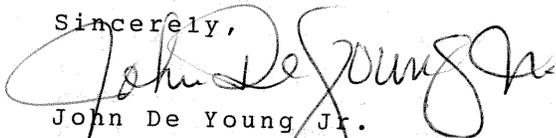
Dear Sir:

I write this letter with honest concern for the Public and your demanding task of adjudicating the information you received from the consumer affairs public hearing on Bill AB-416 of July 31, 1997. After sitting through the public hearing, it was almost impossible to determine what was fact, fiction or other.

I would like to take a few minutes of your time and provide you what I honestly believe to be the driving force for this bill. First and foremost is profit. The Original Equipment Manufactures (OEM), Body Shops, and Dealerships would have the Wisconsin public and you an elected government official believe that only OEM parts are capable of providing safe, quality parts used in collision repair. If OEM parts are used the Body Shop, Dealership and OEM's make more on the parts than if After Market Parts were used. This means that more vehicles are totaled out and or the repair cost goes up resulting in higher cost to the consumer, through increased insurance premiums to all policy holders.

I would like to close by stating that aftermarket body parts in the market place have tremendously reduced the price of OEM parts, resulting in a savings for the Wisconsin public. Additionally I would be glad to provide any additional information on any areas that you may have questions on with respect to this possible bill.

Sincerely,



John De Young Jr.  
Salesmangager  
Fond Du Lac Bumper Exchange

August 26, 1997

Mr. Wally A. Waldhart  
Heritage Mutual Insurance Company  
2800 S. Taylor Drive  
Sheboygan, WI 53081

Draft

OK

Dear Mr. Waldhart:

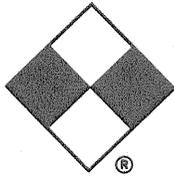
Thank you for your letter expressing your concerns about AB 416. This bill is in the committee that I chair. At this time I am waiting for representatives of the insurance industry to meet with the author of the bill. Hopefully they will be able to work out a compromise.

Please feel free to contact me with any further questions or concerns regarding state issues.

Sincerely,

CLIFFORD OTTE  
State Representative  
27<sup>th</sup> Assembly District

CO:bmd



# HERITAGE INSURANCE

Heritage Mutual Insurance Company • Sheboygan, Wisconsin 53081

August 15, 1997

State Representative Cliff Otte  
PO Box 8953  
Madison, WI 53708

Re: AB 416 - Regulation of Use of Aftermarket Parts

Dear Representative Otte:

I'm writing to voice objection to AB 416 and ask that you not allow it to pass out of your committee.

I apologize for not being able to attend the public hearing on the bill.

Heritage Insurance does use aftermarket parts. We do so because they are less expensive, they are of comparable quality, and the use of aftermarket parts saves our policyholders dollars. It's that simple.

Our business is all about paying claims. It does no good to pay for shoddy parts or give our insureds/policyholders cars that have not been properly repaired. When we use aftermarket parts, we are giving our insureds quality comparable to the original equipment parts.

Should you have any interest, I'd be pleased to discuss this matter further with you. If you'd like, I'd be happy to host you for a cup of coffee at our company (I suppose it would have to be Dutch treat because of the lobby laws) and tell you some more about how we use aftermarket parts.

Once again, we would appreciate your efforts in making sure this bill does not move out of committee.

Sincerely,

Wally A. Waldhart, CPCU, AU  
An Assistant to the President

WAW/pb

August 26, 1997

Mr. John R. Holden, President  
Heritage Mutual Insurance Company  
2800 S. Taylor Drive  
Sheboygan, WI 53081

Draft

OK

Dear Mr. Holden:

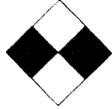
Thank you for your letter expressing your concerns about AB 416. This bill is in the committee that I chair. At this time I am waiting for representatives of the insurance industry to meet with the author of the bill. Hopefully they will be able to work out a compromise.

Please feel free to contact me with any further questions or concerns regarding state issues.

Sincerely,

CLIFFORD OTTE  
State Representative  
27<sup>th</sup> Assembly District

CO:bmd



## HERITAGE INSURANCE

Heritage Mutual Insurance Company • Sheboygan, Wisconsin 53081

JOHN R. HOLDEN  
President

August 15, 1997

State Representative Cliff Otte  
P. O. Box 8953  
Madison, WI 53708

Re: AB 416 Regulation of Use of Aftermarket Parts

Dear Representative Otte:

Heritage Mutual supports competition and therefore opposes AB 416.

When I first started with Heritage (Town of Herman Mutual), the company had 13 employees and wrote \$800,000 in premium. This year we have 695 employees and write \$225,000,000 in premium. We grew because we could compete and because competition was allowed in the marketplace.

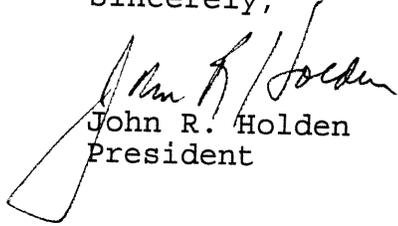
AB 416 stops competition. Our company uses aftermarket parts in repairing automobiles because they are comparable quality but cost less dollars. By using aftermarket parts we save our policyholders dollars. While we occasionally get complaints about repairs using aftermarket parts, we also occasionally get complaints about repairs using original equipment manufactured parts.

Please don't fall for the disingenuous arguments by the auto manufacturers who want to maintain a monopoly in the auto repair shops who are feeling the pinch of profitability because of this competition.

Competition serves consumers well. Our company struggles with competition every day. There are a lot of days when we would just as soon not have competition ... but we don't come running to the Wisconsin Legislature asking you to artificially restrict our competitors.

Your efforts to stop AB 416 from being passed will be appreciated.

Sincerely,



John R. Holden  
President

gf

August 26, 1997

Mr. Harold Lee  
742 Denison Circle  
Sheboygan Falls, WI 53085

Dear Mr. Lee:

Thank you for your letter expressing your concerns about AB 416. This bill is in the Assembly Committee on Consumer Affairs which I chair. At this time I am waiting for the opponents of the bill to meet with the author of the bill to hopefully work out a compromise.

I will keep your concerns in mind when reviewing the compromised proposal.

Sincerely,

CLIFFORD OTTE  
State Representative  
27<sup>th</sup> Assembly District

CO:bmd

Harold E. Lee  
742 Denison Circle  
Sheboygan Falls, WI 53085  
(920)467-4393 Home  
(920)452-1120 Work

August 22, 1997

Rep. Clifford Otte  
Room 109 West, State Capitol  
Madison, WI 53702

Rep. Otte,

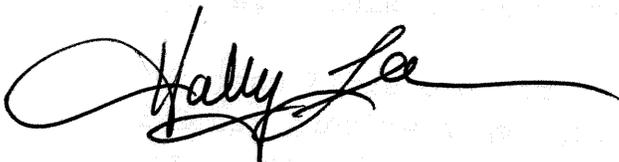
re: Assembly Bill 416

I am writing to request that you vote "No" on this bill. Bill 416 reduces the automobile insurance industry use of aftermarket parts when repairing motor vehicles. It states that an insurer must use Original Equipment Manufacturer (OEM) parts for vehicles that are 5 or less years old and if the insured requests their use.

Using aftermarket parts greatly decreases the costs of repairs and therefore keeps insurance premiums affordable. Aftermarket parts have been used thousands of times a year with no problems and current law already mandates that insurers disclose use of aftermarket parts. This bill would only give a monopoly to the original equipment manufacturers and increase auto repair costs in Wisconsin. In essence, Bill 416 would eliminate competition for replacement parts on newer vehicles and the consumer would be the loser by having higher insurance premiums.

Again, I ask you to vote "No" on Bill 416.

Sincerely,

A handwritten signature in black ink, appearing to read "Harold Lee", with a long, sweeping underline that extends to the right.

Harold Lee

# North Star Bumper

12419 West Silver Spring Road  
Butler, WI 53007

Butler • 414-781-7775  
Wats • 800-924-8230  
FAX • 414-781-2969

August 5, 1997

Rep. Cliff Otte  
P. O. Box 8953  
Madison, WI 53708

Dear Representative Otte:

I would like to ask you to vote against AB-416. This bill is an attempt by body shops and OEM manufacturers to eliminate competition in the automobile replacement parts business.

I am a supplier of aftermarket parts, and therefore I'm very concerned about this legislation. During the hearings you held on July 31, 1997 the comment that kept being made was "this doesn't eliminate competition, it just provides a choice". But it actually does eliminate competition. Please let me explain how.

If the consumer actually went out and purchased their own parts, and had to pay for those parts themselves, the aftermarket would dominate the marketplace. If the consumer actually came to my store needing a hood for his '94 Ford Taurus, and inspected the hood, and saw its price tag of \$200.00, and then that consumer went to a Ford dealership and inspected their hood and realized it was basically the same thing, serving the exact same function, but the dealership charged \$400.00. I would love the percentage of customers who would come back to my store proclaiming "how do the dealerships think they can get away with charging twice as much for the same thing! How do they think they can compete with those higher prices!" But the OEM dealerships don't want to have to be price competitive. They would prefer to have you pass a law which would require their use, no matter what their price is.

You might still be saying this bill doesn't eliminate the competition, it just provides "a choice". But you have to understand the way parts are purchased. These parts are not purchased by the consumer the way I previously mentioned. These parts are purchased by the body shop for their customer. **The body shop has a huge financial interest in seeing that the most expensive parts go on the cars.** Body shops, although they don't usually tell their customers, make at least 25% on all of the parts they put on cars. If the body shop uses an aftermarket part costing \$200.00 he makes \$50.00. But if the body shop can use the more expensive OEM part costing \$400.00 he makes \$100.00. And don't forget most collisions require many parts, so the body shop stands to make hundreds of extra dollars on each job. Body

# North Star Bumper

12419 West Silver Spring Road  
Butler, WI 53007

Butler • 414-781-7775  
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FAX • 414-781-2969

shops will become very well paid salesmen for putting on the more expensive OEM parts.

All the body shop has to do when someone needs their car fixed is to say "there are two ways we can fix your car, the first way is using aftermarket parts. But trust me you don't want those. The second way, which I strongly recommend is that you use OEM parts." Of course the consumer doesn't know the difference, he just trusts the body shop. It may be that the body shop doesn't even need to explain the difference. The body shop may just ask him to sign a form requesting OEM parts, and the consumer doesn't even understand what he's doing.

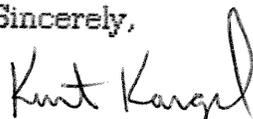
It would be just that easy, with this bill, to eliminate all OEM competition, and create huge profits for the body shop. Actually there would even be more reason for the OEM's to **raise their prices**. Law would guarantee their use, so they could charge whatever they wanted. The body shops would happily agree to sell their parts for them, because the higher the price, the more money the body shop makes.

If this law passes, the OEM's and body shops can laugh all the way to the bank, while the aftermarket industry takes a serious blow, and every person who insures an automobile in the state of Wisconsin has to pay more for insurance premiums because the insurance companies must pass along the increased cost of repairs they are incurring.

Right now there is competition in the marketplace. The insurance companies have looked at the market, just like the consumer would choose if he were buying his own parts, and decided that aftermarket parts provide the best value. I also know, from my lost sales, that the insurance industry will already work with their customers, if they want OEM parts on a newer car.

Please don't eliminate the competition in the replacement parts business, which is **true consumer protection**. If you would like to discuss this issue further with me, regarding quality, the loss of jobs, etc. please feel free to call me at 1-800-924-8230.

Sincerely,



Kurt A. Kargel  
General Manager

# WISCONSIN INSURANCE ALLIANCE

44 EAST MIFFLIN STREET • SUITE 205  
MADISON, WISCONSIN 53703-2800  
(608) 255-1749  
FAX (608) 255-2178

## Memorandum

Eric Englund  
President

Bill O'Reilly  
Chairperson  
Sentry Insurance

Jack Bast  
Vice-Chairperson  
Badger Mutual Insurance

Mark Afable  
Secretary/Treasurer  
American Family Insurance

### Members:

Alpha Property & Casualty  
American Family Insurance  
American Standard Insurance  
Badger Mutual Insurance  
Baraboo Mutual Fire Insurance  
Capitol Indemnity Corporation  
Church Mutual Insurance  
Cuna Mutual Insurance Group  
Dairyland Insurance  
1st Auto & Casualty  
General Casualty Insurance  
Germantown Mutual Insurance  
GRE Insurance Group  
Heritage Insurance  
IDS Property Casualty Insurance  
Integrity Mutual Insurance  
Jewelers Mutual Insurance  
Manitowoc Cty. Mutual Insurance  
Maple Valley Mutual Insurance  
Midwest Security Insurance  
Milwaukee Guardian  
Milwaukee Insurance  
Northwestern National Casualty  
Old Republic Surety Company  
Partners Mutual Insurance Company  
Progressive Northern Ins. Cos.  
Retail Lumbermens Mutual Insurance  
Rural Mutual Insurance Company  
Secura Insurance  
Sentry Insurance  
Sheboygan Falls Insurance  
Society Insurance  
United Wisconsin Insurance  
Viking Insurance Company  
Waukesha Co. Mutual Insurance  
Wausau Insurance Companies  
WEA Insurance Group  
West Bend Mutual Insurance  
Western Wisconsin Mutual Insurance  
Wilson Mutual Insurance  
Wisconsin American Mutual  
Wisconsin Assoc. of Mutual Ins. Cos.  
Wisconsin Mutual Insurance

### Associate Members:

AAA/Michigan/Wisconsin  
Farmers Insurance  
Fremont Compensation Insurance  
Liberty Mutual  
State Auto Ins. Cos.  
State Farm Insurance  
USF&G Insurance

TO: Assembly Committee on Consumer Affairs  
DATE: July 28, 1997  
FROM: Eric Englund  
RE: AB 416 - After Market Parts Regulation

On behalf of our members, the principal writers of automobile insurance in the State of Wisconsin, we appear today in **opposition** to AB 416.

Tens of millions of dollars are spent annually in Wisconsin to pay for parts to repair crash damaged automobiles. The question that underlines AB 416 is who should supply the replacement parts necessary to repair these vehicles.

Historically, auto manufacturers have had a monopoly on the manufacturing and distribution of these parts. However, during the past several decades, competition has entered the marketplace and a number of companies manufacture and distribute these replacement parts. As a result of this competition, prices for replacement parts have reduced by 25% - 40% and more, depending on the type of repair involved. Auto repair shops and auto makers have not been particularly pleased with the growth of this "after market parts" industry. Why? That's simple. Competition has forced a decrease in the amount they can charge for replacement parts. That's right...the squeeze of competition is hurting their pocketbooks and now they are coming to you seeking protection.

As automobile insurers, we have a significant stake in this debate. Why? Our responsibility on behalf of your constituents is to keep automobile insurance affordable in Wisconsin. The benefits of competition in the automobile replacement parts industry has helped achieve this goal. If legislation reducing competition is passed, then our cost will rise which means that the cost of our product will similarly increase.

We appear before you today in support of competition in the marketplace in an effort to keep the cost of our product as low as possible for your constituents and our insureds.

Please keep in mind that "after market parts" are designed to do the same job as the parts that come with your car from the manufacturer. They are tested. They are safe. They work. The real difference between after market parts and original equipment isn't safety or quality...it's a fact that after market parts cost less.

This issue has previously been heard by the Wisconsin Legislature. This matter was discussed in 1991 and resulted in legislation mandating the disclosure to consumers of the use of after market parts by auto insurers. Consumers are protected.

Our objection to the bill before you are as follows:

- (1) After market parts are used hundreds of thousands of times a year in Wisconsin without any problem.
- (2) The use of after market parts has substantially decreased the cost of original equipment parts and helped keep auto insurance affordable in Wisconsin.
- (3) We have no problem with disclosing the use of after market parts to consumers.
- (4) Requiring the insured or owner's written consent before after market parts can be used will virtually eliminate the use of after market parts.  
Why?
  - Administratively it will be a nightmare
  - The insured/owner will think they are signing away their right to something of greater quality and won't sign the authorization
  - Experience in other states where written consent has been attempted is that is markedly decreases the use of after market parts

When was the last time you were "doing doors" and someone complained about the quality of replacement parts on their auto? The answer to that question tells you the extent of the "consumer dissatisfaction" with a status quo. This bill is a thinly masked attempt on the part of certain special interest to increase their profits and limit competition. We respectfully request you oppose this bill.

# WISCONSIN INSURANCE ALLIANCE

44 EAST MIFFLIN STREET • SUITE 205  
MADISON, WISCONSIN 53703-2800  
(608) 255-1749  
FAX (608) 255-2178

## Memorandum

**TO:** Assembly Committee on Consumer Affairs  
Representative Clifford Otte  
Representative DuWayne Johnsrud  
Representative Alvin Ott  
Representative Michael Lehman  
Representative Frank Urban  
Representative Polly Williams  
Representative Donald Hasenohrl  
Representative Spencer Black

**DATE:** August 4, 1997  
**FROM:** Eric Englund  
**RE:** AB 416 - What's It All About?

During the course of the public hearing last week on this bill, a number of committee members struggled with the issue of trying to figure out "what" the battle over aftermarket parts is all about.

The May-June 1997 issue of Wisconsin Auto Body News tells us what's it all about:

"Reduced cost of aftermarket parts means less profit to shops on marking up parts."

"Unfortunately, those consumer benefits (referring to reduced costs) have come from the shop owners' pockets which is why eight other states have adopted legislation that gives the motorists the right to reject non-OEM parts."

Literally hundreds of thousands of vehicles are repaired in this state on an annual basis. Your constituents and our customers are benefiting from competition in the marketplace for crash parts.

We ask you to vote in favor of competition and against providing a monopoly to the auto manufacturers. Please vote against AB 416.

Enclosure: Wisconsin Auto Body News - May-June 1997 - Page 38 & 39

Eric Englund  
President

Bill O'Reilly  
Chairperson  
Sentry Insurance

Jack Bast  
Vice-Chairperson  
Badger Mutual Insurance

Mark Afable  
Secretary/Treasurer  
American Family Insurance

### Members:

Alpha Property & Casualty  
American Family Insurance  
American Standard Insurance  
Badger Mutual Insurance  
Baraboo Mutual Fire Insurance  
Capitol Indemnity Corporation  
Church Mutual Insurance  
Cuna Mutual Insurance Group  
Dairyland Insurance  
1st Auto & Casualty  
General Casualty Insurance  
Germantown Mutual Insurance  
GRE Insurance Group  
Heritage Insurance  
IDS Property Casualty Insurance  
Integrity Mutual Insurance  
Jewelers Mutual Insurance  
Manitowoc Cty. Mutual Insurance  
Maple Valley Mutual Insurance  
Midwest Security Insurance  
Milwaukee Guardian  
Milwaukee Insurance  
Northwestern National Casualty  
Old Republic Surety Company  
Partners Mutual Insurance Company  
Progressive Northern Ins. Cos.  
Retail Lumbermens Mutual Insurance  
Rural Mutual Insurance Company  
Secura Insurance  
Sentry Insurance  
Sheboygan Falls Insurance  
Society Insurance  
United Wisconsin Insurance  
Viking Insurance Company  
Waukesha Co. Mutual Insurance  
Wausau Insurance Companies  
WEA Insurance Group  
West Bend Mutual Insurance  
Western Wisconsin Mutual Insurance  
Wilson Mutual Insurance  
Wisconsin American Mutual  
Wisconsin Assoc. of Mutual Ins. Cos.  
Wisconsin Mutual Insurance

### Associate Members:

AAA/Michigan/Wisconsin  
Farmers Insurance  
Fremont Compensation Insurance  
Liberty Mutual  
State Auto Ins. Cos.  
State Farm Insurance  
USF&G Insurance

**WACTAL UPDATES CONTINUED**

fit aftermarket part usage affects a shop's bottom line, Jepson said.

The Wisconsin Automobile and Truck Dealers Association, natural allies in OEM parts issues, were also interested in supporting the proposal, depending on its final form, Peterson said.

The legislative proposal had not become formal legislation by mid April. The proposal is intended not to have an effect on the insurance rates policyholders pay, said Strohl.

If passed into law, the proposal's provisions will effect new insurance

policies or existing policies when they are renewed, Strohl said.

Aftermarket parts have been a battle between shops and insurers since Henry Ford's days, said Englund. The struggle began over batteries, tires, wipers, shocks and glass, he said, and now has shifted to sheetmetal. Although Englund admits some inferior aftermarket parts have been produced, overall aftermarket part usage has benefited consumers.

"The automotive industry has found again and again that compe-

tion is good for consumers. Competition brings lower cost and can involve lower cost parts at similar quality to OEM parts. Our research indicates there are multitude of aftermarket parts for newer cars available to produce a repaired vehicle of similar condition to how the car existed prior to the accident," he said.

Unfortunately, those consumer benefits have come from the shopowner pockets, which is why eight other states have adopted legislation that gives motorists the right to reject non-OEM parts.

**LEGISLATIVE UPDATE  
REPLACEMENT PARTS LEGISLATION  
READY FOR INTRODUCTION**



Assembly Speaker Pro Tem Steve Freese (R-Dodgeville).

LRB 2751 has two major provisions: (a) Vehicle owners have the right to request that original replacement parts be used on their vehicle and (b) the insurance company must approve the use of original parts if the vehicle is under 5 years of age.

The auto insurance industry is already fighting us. However, it looks like WACTAL will have support from both auto dealers and from auto manufacturers.

If WACTAL is to be successful in passing this bill, your help will be needed. Please take a few minutes to do the following:

1. Call you state senator and state representative and ask them to cosponsor the Risser-Freese Replacement Parts Bill (LRB 2751). Their Hotline number is 1-800-362-9472.
2. Write you state legislators if you are unable to call them.
3. Invite state legislators (by

phone or letter) to your collision repair shop and show them the steps involved in repairing a vehicle and the experiences you have had in using nonoriginal parts. Introduce them to your employees.

4. Attend fundraisers of your local legislators. Costs are usually minimal.

5. Encourage your customers to show their support for this bill by contacting their legislators as well.

6. Report your contacts to either WACTAL Executive Director Sue Peterson or to myself. We need to know what your legislators are thinking about this issue.

In your conversation, letters and meetings with legislators, emphasize the need for this legislation. Stress the real and potential problems that you and your customers have had with cheap imitation parts. Tell them Wisconsin consumers should have the same rights here as consumers in 8 other states have.

State legislation designed to give consumers the right to have their vehicle repaired with original manufacturer parts is ready for introduction into the Wisconsin Legislature.

Your help is immediately needed to win legislative approval for this important bill!

This legislation (LRB 2751) is being introduced by Senate President Fred Risser (D-Madison) and

# WACTAL Updates

## WACTAL BACKS OEM PARTS LEGISLATION

by Kevin Murphy

Madison - Two leaders of the Wisconsin Legislature will sponsor WACTAL-backed legislation aimed at giving consumers the right to reject the use of aftermarket parts in collision repairs if their vehicle is five years old or less.

Senate President Fred Riser, D-Madison, and Assembly Speaker Pro Tem Steve Freese, R-Dodgeville, have agreed to be the main sponsors of the parts replacement legislation now entitled LRB-2751, said WACTAL lobbyist Joseph Strohl.

Strohl called the proposal "a modest but important improvement for the collision repair industry and their customers."

"This proposal doesn't automatically require OEM parts be used, but only if consumer requests it. The burden will still be on the consumer to request those parts," Strohl said.

The proposal strengthens Wisconsin's current law passed in 1991, which only requires insurance companies to inform the insured that non-OEM parts will be used in the repair. Under the proposed legislation, the insured would be able to reject the use of aftermarket parts on their late model vehicle presumably without the threat of having to pay higher costs.

Strohl sees the proposal having little cost impact on the insurance industry since several major companies already will pay for OEM parts if the insured insists on them.

However, the insurance industry is already organizing opposition to the proposal even before it becomes a bill.



Sue Peterson

"If the consumer choice is to go with more expensive part and the funding of that choice falls on the insurance industry then we will have concerns about this legislation. Chiefly, because we are persuaded that aftermarket parts of comparable quality to OEM parts are available. We're concerned that if the marketplace is changed by this legislation it would increase the cost of repairing vehicles," said Eric Englund, president of the Wisconsin Insurance Alliance.

"WACTAL sought the legislative change because shop owners continue to receive non-OEM parts of inferior quality or aftermarket parts that just don't fit," said Peterson.

Peterson also noted that insurance companies don't inform their customers that non-OEM parts will be used to the extent they once did.

"For a while after the 1991 law was passed, (insurance) estimates used to have bright-colored labels attached notifying the motorist that aftermarket parts would be used in the repair. Now the notice just gets printed near the bottom of the form



Ron Jepson

and it's likely to be missed entirely," Peterson said.

Although Englund said the major insurance companies compensate shops for the extra time it takes to make aftermarket parts fit properly, Peterson doubts that is the case. Seeking supplements for making aftermarket parts fit properly, is a lost cause, said Ron Jepson, an Appleton body shop co-owner.

"We don't take the time to bill for that, it's just passed over. If the part doesn't fit, we send it back and order a new part, or we make it fit and complete the job. It becomes a big job to bill for all the extra time. The technicians complain about aftermarket parts to the office people, but we find that every supplement takes time to prepare and time is money. Problems with aftermarket parts is just a cost we absorb," said Jepson, of Peotter's Mid-City Auto.

The reduced cost of aftermarket parts means less profit to shops on marking up parts. Combined with the lost time required to make them

## **GENERAL MOTORS POSITION: WISCONSIN ASSEMBLY BILL 416**

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General Motors and the other member companies of the American Automobile Manufacturers Association are in full support of Wisconsin Assembly bill 416. We feel that customers must have the right to be informed about the type or brand of collision parts that will be used for repair of their vehicle and should also have the right to choose new Original Manufacturer produced parts if they wish.

Auto manufacturers and our customers have a vested interest in the use of OEM parts and the proper repair of collision damage to our products for a variety of reasons including:

CUSTOMER SATISFACTION WITH OUR PRODUCT AND REPEAT PURCHASE  
AFFECTS ON THE NEW CAR WARRANTY COVERAGE  
RESALE OR TRADE-IN VALUE OF OUR PRODUCTS  
VEHICLE SAFETY

### 1. VEHICLE SAFETY

General Motors and the other auto manufacturers have a significant concern for our customers' safety that may be sacrificed through the use of imitation non-OEM parts in collision repairs.

General Motors spends thousands of hours of engineering, development and testing time to effectively develop safe vehicles for our customers.

- Crush zones are strategically designed and placed to absorb impact energy in a collision.
- Front end cradles, hoods and fenders are specifically designed to deform in certain patterns during impact.
  - Hood compaction
  - Engine assembly downward and rearward transfer
- Front end crush rates are measured for each body style to establish thresholds and timing for Airbag deployment.
- All of the above are put through numerous NHTSA crash tests set specifically on Federal Government crash test standards and requirements.

## **GENERAL MOTORS POSITION: WISCONSIN ASSEMBLY BILL 416**

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All of this should lead us to one question. Do the imitation parts manufacturers each buy new vehicles, bolt on their various replacement parts, and then complete each of the NHTSA crash tests for crashworthiness and airbag deployment?

General Motors is not aware that these tests occur.

### **2. CUSTOMER SATISFACTION WITH OUR PRODUCT AND REPURCHASE INTENTIONS:**

A vehicle's exterior appearance, fit, and finish greatly affect a customer's satisfaction level with their vehicle and later repurchase intent. The vehicle's resale or trade-in value also directly affects a customer's perception of the value of the product they purchased from us and our dealer. The fit and finish appearance of our vehicles on the road are also front line advertising of our product quality to all passing observers. According to study results, General Motors customers typically lose between 8 and 19% of the resale value of their vehicle when imitation parts are used instead of new genuine GM Parts during auto body repair.

- General Motors owns its own blue-prints, specifications and stamping dies.
- Imitation parts are not built to GM spec but are copied off of purchased components.
- Imitation parts quality often do not meet manufacturers specifications:
  - Metal thickness
  - Zinc phosphate coating on both sides
  - Primer thickness
  - Shipping cartons which reduce damage during shipping
  - Mounting hole and bracket location vary.
  - Body line contour and gap specifications are hard to hold.

Both increase installation time
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### **3. AFFECT OF NON-OEM OR USED OEM USED IN COLLISION REPAIRS ON NEW CAR WARRANTIES:**

The above parts when used to repair one of our vehicles will void the remaining new car warranty for those NON-OEM parts or used OEM parts utilized as well as any adjoining parts or associated systems which may fail or not perform properly due to the above parts being used.

## **GENERAL MOTORS POSITION: WISCONSIN ASSEMBLY BILL 416**

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- Not just the 3 year 36,000 mile Bumper to Bumper Warranty but also the 6 year 100,000 mile warranty corrosion or rust thru warranty provided on all GM vehicles.
- Loss of this warranty coverage is not just a customer relations negative for the manufacturer and our dealers, but more importantly is a source of significant dissatisfaction for our customers.
- New GM replacement collision parts carry a lifetime warranty for as long as the purchaser owns the vehicle.

#### 4. RESALE / TRADE-IN VALUE OF OUR PRODUCT

- THIS IS EVEN MORE IMPORTANT TO OUR CUSTOMERS THAN IT IS TO US.
- REVIEW INDEPENDENT STUDY

Conducted by two independent companies for General Motors:

- Campbell & Company and Rousch Technologies
- Two identical 1994 Chevrolet Cavaliers were used
- Study was conducted in 14 major U.S. Markets across the United States
- 410 professional automotive appraisers
- 362 customers who had purchased or sold a vehicle worth over \$5,000 within the last 3 years.
- 9 out of 10 of both the professional appraisers and customers picked the vehicle with General Motors replacement parts as having a higher value than the vehicle with imitation parts.
- Professional appraisers on average devalued the vehicle with imitation parts at \$740 below NADA wholesale prices.
- Customers on average devalued the vehicle with imitation parts at \$1670 below NADA retail prices.
- 20% of the customers surveyed stated that they would not buy the vehicle with imitation parts at any price!

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WISCONSIN ASSEMBLY BILL 416**

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# NON-OEM SURVEY

Automotive Service Association® Collision Division

NON-OEM SURVEY

- 1. Do you believe consumers should have the right to select the parts of their choice? Yes  No
- 2. Do you believe the consumer should be required to give written consent to the utilization of non-OEM parts in the repair of their vehicle? Yes  No
- 3. Do you believe that the consumers should be required to give written consent to the utilization of reconditioned parts in the repair of their vehicle? Yes  No
- 4. Do you believe that consumers should be required to give written consent to the utilization of LKQ (salvage) parts in the repair of their vehicle? Yes  No
- 5. Does your state require disclosure to the consumer relating to replacement of non-OEM parts? Yes  No
- 6. Do you believe there are significant problems associated with the use of non-OEM parts? Yes  No 
  - If yes, are these problems currently:
  - Shared equally by the insurer/repairer? Yes  No
  - Become the responsibility of the repairer? Yes  No
  - Become the responsibility of the insurer? Yes  No

COMMENTS: \_\_\_\_\_

- 7. Do you believe the use of non-OEM parts will ultimately effect the resale value of the vehicle for the consumer? Yes  No
- 8. Do you think that the quality of aftermarket parts are the same as OEM parts? Yes  No 
  - If no, are the aftermarket parts:
  - Less than the quality of OE parts? Yes  No
  - Equivalent 25% of the time? Yes  No
  - Equivalent 56% of the time? Yes  No
  - Equivalent 75% of the time? Yes  No

- 9. If aftermarket parts were not mandated by insurers, would you use just as many? Yes  No

COMMENTS: \_\_\_\_\_

- 10. Do you think that CAPA certified parts are:
  - equivalent to OEM parts? Yes  No
  - superior to other non-CAPA parts? Yes  No
- 11. Do you agree with ASA's position on Alternative Crash Parts? (see back copy) Yes  No

12. What is the biggest problem you're facing today concerning alternative parts?

\_\_\_\_\_

\_\_\_\_\_

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TESTIMONY OF KELLY SPARKS, UAW CAP COORDINATOR

- AB-416 Motor Vehicle Insurance; Original Replacement Parts
- Assembly Consumer Affairs Committee Hearing - Rep. Clifford Otte, Chair

July 31, 1997

Chairman Otte and respected members of the Consumer Affairs Committee, I thank you for the privilege of appearing before you to speak in favor of AB-416.

Speaking on behalf of UAW Region 4 Director Paul Korman and the more than 30,000 UAW members in the State of Wisconsin, we wish you to know that like you and your committee, we are also very much interested in protecting the consumer in the State of Wisconsin.

This is a good time to point out that AB-416 does not mandate that original equipment manufactured parts must be used in vehicle repairs; it merely gives the consumer the right to choose original parts over the imitation parts.

CAPA, The Certified Auto Parts Association, is an organization that mostly certifies Taiwan replacement parts. Of the 23 manufacturing companies they represent, (20) are Taiwan, (2) USA, and (1) Canada.

Less than 3% of all after-market parts are CAPA certified. And even if all after-market parts were CAPA certified and were "functionally equivalent" as is required by CAPA, they would not be **identical** and not be crash tested as is required by OEM; and they would still be "Taiwan Tin" and not worthy of putting in an automobile that must protect our families' safety.

The West Virginia law that was passed in 1995 requires that shops use genuine crash parts sufficient to maintain the manufacturer's warranty for fit, finish, structural integrity, corrosion resistance, dent resistance, and crash performance unless the vehicle owner consents at the time of repair to use after-market parts. The law also states that for three years from the date of purchase, an insurance company cannot require the use of after-market parts.

I encourage this committee to rebuff the efforts of insurance companies who will argue that Consumers should not be given the option of choosing safe, crash-tested OEM replacement parts over unsafe, untested, **feeble foreign fenders**.

The question this committee must answer is who should have the responsibility for protecting the considerable automobile investment and providing for the safety of our family - the **consumer** or the **insurance company**?

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CAPA CERTIFIED PARTS

(2.3% of total parts market)

Total Manufacturers

23 Manufacturers

20 Taiwan

2 USA

1 Canada

Total CAPA Parts

1820 Parts

1625 Taiwan

150 USA

45 Canada

Taiwan

20 Manufacturers

1625 Parts

89% of Total

USA

2 Manufacturers

150 Parts

8% of Total

Canada

1 Manufacturer

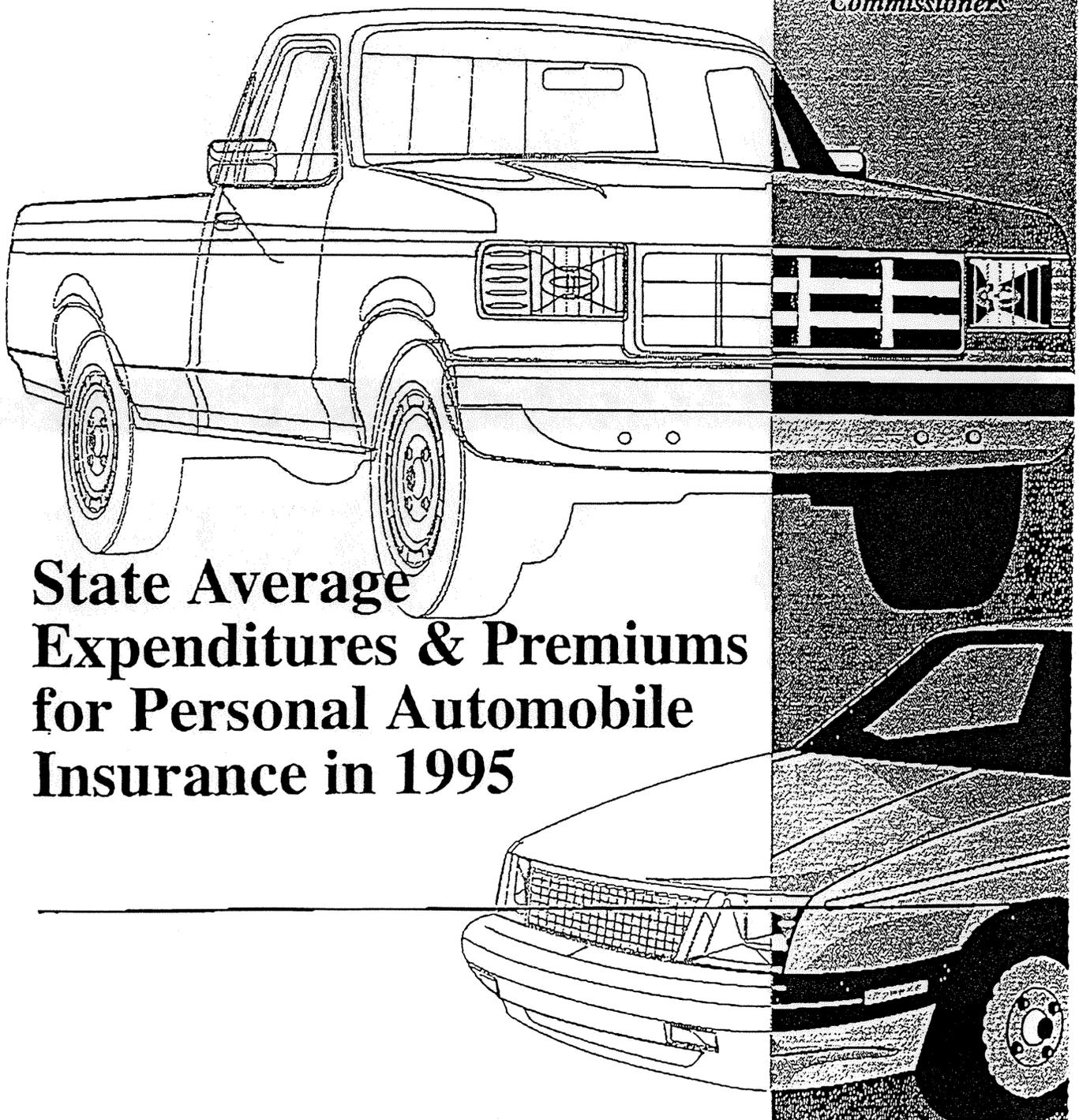
45 Parts

3% of Total

January 1997

**NAIC**

*National  
Association of  
Insurance  
Commissioners*



**State Average  
Expenditures & Premiums  
for Personal Automobile  
Insurance in 1995**

**Table 1**  
**Private Passenger Automobile Insurance**  
**State Average Expenditures and Average Premiums**  
**1995**

State	Average Expenditure		Combined Average Premium		Liability Average Premium		Collision Average Premium		Comprehensive Average Premium	
	Expenditure	Rank	Premium	Rank	Premium	Rank	Premium	Rank	Premium	Rank
Alabama	549.09	33	632.24	34	296.22	40	231.25	13	104.77	30
Alaska	729.50	14	885.41	10	452.17	18	308.00	4	125.24	18
Arizona	727.24	15	810.44	15	490.02	14	185.14	31	135.28	14
Arkansas	499.87	42	612.26	36	297.98	39	207.57	24	106.71	29
California	830.98	8	960.54	7	518.75	11	281.98	7	159.80	5
Colorado	721.93	16	823.69	13	472.89	16	184.07	32	166.73	3
Connecticut	880.53	6	958.18	8	603.11	6	247.62	10	107.46	28
Delaware	783.74	10	850.24	12	564.70	7	206.62	25	78.91	46
Dist. of Columbia*	958.58	3	1,072.63	3	548.41	8	335.84	2	188.38	2
Florida	739.41	12	778.70	19	490.50	12	187.79	29	100.41	33
Georgia	596.41	26	726.15	22	315.56	37	288.22	5	122.37	20
Hawaii	963.08	2	1,094.02	2	736.78	1	257.65	9	99.60	34
Idaho	446.81	47	535.53	49	273.32	45	165.51	43	96.70	37
Illinois	612.27	24	679.51	25	353.51	28	215.75	21	110.24	27
Indiana	542.35	35	616.01	35	337.47	33	188.52	28	90.02	43
Iowa	428.67	49	489.13	50	247.98	49	148.51	49	92.64	40
Kansas	473.77	43	582.43	42	261.68	46	169.28	42	151.47	8
Kentucky	555.42	31	672.05	29	364.11	27	215.81	20	92.14	41
Louisiana	787.44	9	907.18	9	547.11	9	227.09	17	132.99	15
Maine	472.05	44	542.78	48	289.23	43	180.72	36	72.83	49
Maryland	732.10	13	789.79	17	476.06	15	210.84	23	102.88	31
Massachusetts**	898.21	5	979.45	6	639.87	3	222.37	18	117.21	23
Michigan	645.49	21	796.00	16	343.22	32	320.29	3	132.49	16
Minnesota	630.02	23	690.67	24	427.78	20	149.54	48	113.35	24
Mississippi	579.24	28	679.36	27	322.15	36	234.70	12	122.51	19
Missouri	572.20	29	651.89	30	345.31	31	194.33	27	112.26	25
Montana	468.46	45	591.61	39	274.10	44	170.29	40	147.22	11
Nebraska	451.87	46	544.48	47	250.61	48	153.34	47	140.53	13
Nevada	758.82	11	876.66	11	530.51	10	228.66	16	117.48	22
New Hampshire	609.14	25	679.47	26	371.97	25	230.71	14	76.80	48
New Jersey***	1,013.47	1	1,169.21	1	662.04	2	351.64	1	155.53	6
New Mexico	639.15	22	785.37	18	408.61	22	229.63	15	147.13	12
New York	905.90	4	1,063.30	4	607.44	5	265.33	8	190.54	1
North Carolina	500.50	41	576.83	43	348.38	30	157.39	46	71.06	51

**Table 1**  
**Private Passenger Automobile Insurance**  
**State Average Expenditures and Average Premiums**  
**1995\***

State	Average Expenditure	Rank	Combined Average Premium		Liability Average Premium		Collision Average Premium		Comprehensive Average Premium	
			Premium	Rank	Premium	Rank	Premium	Rank	Premium	Rank
North Dakota	380.98	51	481.61	51	204.77	51	144.91	51	131.93	17
Ohio	532.29	36	588.05	40	327.95	34	182.55	33	77.55	47
Oklahoma	526.17	37	649.98	31	324.91	35	173.19	39	151.88	7
Oregon	564.86	30	634.87	32	373.37	24	175.90	38	85.60	44
Pennsylvania	667.23	18	742.54	21	444.29	19	204.46	26	93.79	38
Rhode Island	869.80	7	1,027.41	5	619.18	4	287.80	6	120.43	21
South Carolina	582.26	27	675.93	28	395.84	23	180.97	35	99.12	35
South Dakota	428.64	50	548.60	46	251.36	47	146.34	50	150.90	9
Tennessee	519.29	38	601.88	38	293.54	41	216.94	19	91.40	42
Texas****	710.52	17	820.58	14	490.31	13	181.37	34	148.91	10
Utah	547.49	34	634.45	33	351.73	29	185.69	30	97.02	36
Vermont	511.76	39	587.23	41	293.27	42	212.96	22	81.00	45
Virginia	552.91	32	603.11	37	371.57	26	159.08	45	72.46	50
Washington	649.55	19	716.86	23	453.01	17	170.25	41	93.59	39
West Virginia	646.14	20	762.90	20	412.87	21	238.35	11	111.69	26
Wisconsin	505.55	40	569.31*	45*	301.57	38	160.74	44	101.00	32
Wyoming	432.89	48	566.96	44	230.56	50	176.27	37	160.13	4
Countrywide	665.52		757.43		425.89		214.63		116.91	

\* Because the District of Columbia is entirely urban it may not be directly comparable to states with rural areas.

\*\* Data incorporates Safe Driver Plan credits and surcharges. (See Technical Note for further explanation.)

\*\*\* See Technical Note for explanation.

\*\*\*\* Due to historical data reporting anomalies, Texas results are not reflective of actual experience and not comparable to results from other states. (See Technical Note for further explanation.)

AVERAGE EXPENDITURE = (Total written premiums/Liability Car-Years)

COMBINED AVERAGE PREMIUM = (Liability Average Premium + Collision Average Premium + Comprehensive Average Premium)

AVERAGE PREMIUM = (Written premiums/Written Car-Years)

Sources: AAIS, ISO, NAII, NISS, Massachusetts Commonwealth Automobile Reinsurers, South Carolina Department of Insurance, Texas Department of Insurance, California Department of Insurance and NAIC.

Replacement Crash Parts Disclosure:  
ASA Convenes Summit of Industry Leaders

by Bob Redding, ASA Washington D.C.

7/97  
ASA  
PRESS  
Release

Automobiles are by far the most expensive consumer goods acquired by most households. They also are subject to much greater hazards and risk of damage, through rust or collision, than most consumer goods. Once a consumer has purchased a vehicle, it will demand a continual investment in maintenance and repair because the roadworthiness of an automobile has considerable implications to the safety of its passengers. Even a consumer who does not intend to keep a vehicle for more than two or three years will have an interest in preserving its resale value.

Accordingly, the Automotive Service Association (ASA), a national trade association which serves many of the nation's independent autobody repair shops, believes that consumers have a clear stake in the quality of the replacement parts used to repair their car. Vehicle owners are primarily concerned that replacement parts be sufficient to ensure safety. A second issue, especially in relation to parts used to repair collision-damaged vehicles, is appearance. When auto bodies are repaired, car owners generally are insistent that the original appearance of the vehicle is restored. To be possible, the replacement part must be of identical design and appearance to the original, even if the construction and materials are slightly different.

Disclosure laws enacted in some states, and supported by ASA, require that consumers receive written notice of the intent by their insurer to use crash parts not produced by the original equipment manufacturer (OEM). These laws also mandate the identification of each alternative or aftermarket crash part to be used in the repair. Most of these disclosure notices require a statement that alternative crash parts are supplied by a source other than the vehicle manufacturer and that they are warranted by the manufacturer or distributor of the part. Often, however, they don't go far enough in fully empowering the consumer.

This past June, ASA convened a meeting of representatives from Chrysler, Ford, General Motors and Toyota, an aftermarket crash part manufacturer, an automotive recycler and the service industry to discuss a proposal for national disclosure legislation. Participants concurred that consumers should be given written disclosure of the nature of the parts being used to repair their vehicles and provide written consent to the repair shop prior to the parts being installed. The panel also agreed that disclosure and consent would apply to all crash parts, including original equipment manufacturer (OEM) parts, for the life of the vehicle. These representatives will reconvene later this summer, hopefully with the addition of insurance industry executives, to iron out any remaining differences and finalize the model bill.

For auto body repair shops, some aftermarket crash parts create additional problems. Often these parts take significantly more time to

prepare and install than original equipment manufacturer parts and can prevent repair technicians from achieving the level of quality which adequately restores the vehicle to its pre-accident condition. ASA has continuously fought for requirements that imitation crash parts be equivalent or exceed vehicle manufacturer parts for fit, finish, structural integrity, corrosion resistance and crash performance. In addition, the association believes that these parts must be readily available in the local marketplace.

Will the summit's agreement on disclosure be a panacea for the aftermarket parts dilemma? Probably not. What it will do, however, is make all parties more accountable to their customers. For its part, ASA will advise member shops, as an extension of the ASA Code of Ethics, to continue to provide their customers with a complete disclosure of the repair techniques employed and the type of replacement crash parts used in the repair of any vehicle entrusted to their care and custody. We are confident that our industry allies will work equally hard to assure consumers of an open, competitive and viable replacement parts market.



# NON-OEM SURVEY

Automotive Service Association® Collision Division

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- 1. Do you believe consumers should have the right to select the parts of their choice? Yes  No
- 2. Do you believe the consumer should be required to give written consent to the utilization of non-OEM parts in the repair of their vehicle? Yes  No
- 3. Do you believe that the consumers should be required to give written consent to the utilization of reconditioned parts in the repair of their vehicle? Yes  No
- 4. Do you believe that consumers should be required to give written consent to the utilization of LKQ (salvage) parts in the repair of their vehicle? Yes  No
- 5. Does your state require disclosure to the consumer relating to replacement of non-OEM parts? Yes  No
- 6. Do you believe there are significant problems associated with the use of non-OEM parts? Yes  No 
  - If yes, are these problems currently:
  - Shared equally by the insurer/repairer? Yes  No
  - Become the responsibility of the repairer? Yes  No
  - Become the responsibility of the insurer? Yes  No

COMMENTS: \_\_\_\_\_

- 7. Do you believe the use of non-OEM parts will ultimately effect the resale value of the vehicle for the consumer? Yes  No
- 8. Do you think that the quality of aftermarket parts are the same as OEM parts? Yes  No 
  - If no, are the aftermarket parts:
  - Less than the quality of OE parts? Yes  No
  - Equivalent 25% of the time? Yes  No
  - Equivalent 56% of the time? Yes  No
  - Equivalent 75% of the time? Yes  No

- 9. If aftermarket parts were not mandated by insurers, would you use just as many? Yes  No

COMMENTS: \_\_\_\_\_

- 10. Do you think that CAPA certified parts are:
  - equivalent to OEM parts? Yes  No
  - superior to other non-CAPA parts? Yes  No
- 11. Do you agree with ASA's position on Alternative Crash Parts? (see back copy) Yes  No

12. What is the biggest problem you're facing today concerning alternative parts?

\_\_\_\_\_

\_\_\_\_\_



**S**erving the  
**C**ollision  
Division of  
the  
Automotive  
Service  
Association

## How you felt about aftermarket parts

Thanks for responding on the Non-OEM Survey that was recently sent to you. Your opinions count and greatly assist our division to uniformly represent the majority. We received a 10 percent response from all of the ASA collision members. Here are the results:

- 97% believe consumers should have the right to select the parts of their choice, in the repair of their vehicle.
- Consumers should be required to give written consent to the utilization of:
  - non-OEM parts - 91% said yes
  - reconditioned parts - 82% said yes
  - LKQ (salvage) parts - 81% said yes
- 95% said that there are problems associated with the use of non-OEM parts; 67% felt the responsibility is not shared equally by the insurer/repairer; 74% felt it currently becomes the responsibility of the repairer, while 60% felt that the insurers do not assume the responsibility.
- 91.5% said yes, they believe the use of non-OEM parts will ultimately effect the resale value of the vehicle for the consumer.
- 93% think the quality of aftermarket parts are not the same as OEM parts. 89% said they are less than the quality of OEM parts.
- If aftermarket parts were not mandated by insurers, would you use as many? 94% said no.
- Do you think CAPA certified parts are equivalent to OEM parts? 96% said no; superior to other non-CAP parts? 60% said no.
- 90% agree with ASA's position on alternative crash parts.
- What is the biggest problem you face today concerning alternative parts? Fit, the insurance mandate to use the part; we are not reimbursed for additional labor or administrative time required; the inferior quality; delivery of wrong parts; reimbursement; and manipulation by insurers to give consumers false stories.

## Voting line open for 1997 national elections

The electronic voting line for the ASA national elections is open. All regular members of ASA who reside in the United States (Hawaii and Alaska) may vote using a touchtone phone and by calling toll-free, (800) 868-3272. You may vote any-time between Jan. 2, 1997, and Feb. 23, 1997.

The following candidates biographies and qualifications are in January  
*AUTOINC.* General Director: Michael J. Lund (Incumbent) - Jim C. Keller (Opponent); General Director: Skip Burroughs (Incumbent) - Charles R. Elder (Opponent).

## ASE technician certification deadline near

Don't forget to register for the 1997 spring ASE technician certification tests. Deadline for registration is April 4. Test dates are May 6, 8, and 13. For more information or a test registration booklet, call ASE at (703)713-3800 or write ASE, 13505 Dulles Technology Drive, Suite 2, Herndon, Va. 22071-3421.



### INSIDE

• 1996 Nationwide Financial Analysis Program

- The changing world of air bags
- Used parts on the rise, the bottom line on the decline

## NHTSA publishes final air bag labeling requirements

The National Highway Traffic Safety Administration (NHTSA) published its final rule requiring vehicles with air bags to bear three new warning labels. Two of the labels replace existing labels on the sun visor and the third is a temporary label on the dash. This is an attempt to reduce the adverse effects of air bags, especially for children.





# Sentry Insurance<sup>®</sup>

July 31, 1997

1800 North Point Drive  
Stevens Point, Wisconsin 54481  
(715)346-7168

## MEMO

**TO:** Representative Clifford Otte, Chair  
Members, Assembly Consumer Affairs Committee

**FROM:** Lee Fanshaw, Government Relations Manager

**RE:** Assembly Bill 416, After Market Parts Restrictions

Sentry Insurance is a multi-line insurer headquartered in Stevens Point, Wisconsin. We are licensed to do business in all 50 states, and currently write personal and commercial auto insurance in 35 states. Just over one-half of our 4100 employees are based in Wisconsin.

**We ask that you oppose AB 416.** If enacted, we believe it will greatly reduce the use of after market parts for auto repair and subsequently increase the ultimate cost of insurance to Wisconsin consumers.

**Is there a problem?** We surveyed our consumer complaint data for the past two years in Wisconsin. Out of 37 complaints relating to auto repair work, **only 2** were specific to the use of aftermarket parts. It appears to us that this bill attempts to correct a problem which does not exist.

**Competition is important.** As with most products and services, free and open competition is critical for buyers seeking the best price and value. This legislation will artificially tilt the market in favor of OEM parts and distort prices buyers will have to pay.

**Wisconsin consumers enjoy relatively low auto insurance rates.** According to the most recent data published by the National Association of Insurance Commissioners (NAIC), Wisconsin ranked 40th in average expenditure for auto insurance. (50th being the lowest). That same NAIC report shows Wisconsin had the 44th lowest average premium for collision coverage, while Indiana, which has an after market parts law almost identical to AB 416, ranked 28th in average collision premium. While there are many factors that contribute to those averages, we feel strongly that this bill will move Wisconsin in the wrong direction.

Thank you for your consideration of Sentry's views.

**Table 1**  
**Private Passenger Automobile Insurance**  
**State Average Expenditures and Average Premiums**  
**1995**

State	Average Expenditure		Combined Average Premium		Liability Average Premium		Collision Average Premium		Comprehensive Average Premium	
	Expenditure	Rank	Premium	Rank	Premium	Rank	Premium	Rank	Premium	Rank
Alabama	549.09	33	632.24	34	296.22	40	231.25	13	104.77	30
Alaska	729.50	14	885.41	10	452.17	18	308.00	4	125.24	18
Arizona	727.24	15	810.44	15	490.02	14	185.14	31	135.28	14
Arkansas	499.87	42	612.26	36	297.98	39	207.57	24	106.71	29
California	830.98	8	960.54	7	518.75	11	281.98	7	159.80	5
Colorado	721.93	16	823.69	13	472.89	16	184.07	32	166.73	3
Connecticut	880.53	6	958.18	8	603.11	6	247.62	10	107.46	28
Delaware	783.74	10	850.24	12	564.70	7	206.62	25	78.91	46
Dist. of Columbia*	958.58	3	1,072.63	3	548.41	8	335.84	2	188.38	2
Florida	739.41	12	778.70	19	490.50	12	187.79	29	100.41	33
Georgia	596.41	26	726.15	22	315.56	37	288.22	5	122.37	20
Hawaii	963.08	2	1,094.02	2	736.78	1	257.65	9	99.60	34
Idaho	446.81	47	535.53	49	273.32	45	165.51	43	96.70	37
Illinois	612.27	24	679.51	25	353.51	28	215.75	21	110.24	27
Indiana	542.35	35	616.01	35	337.47	33	188.52	28	90.02	43
Iowa	428.67	49	489.13	50	247.98	49	148.51	49	92.64	40
Kansas	473.77	43	582.43	42	261.68	46	169.28	42	151.47	8
Kentucky	555.42	31	672.05	29	364.11	27	215.81	20	92.14	41
Louisiana	787.44	9	907.18	9	547.11	9	227.09	17	132.99	15
Maine	472.05	44	542.78	48	289.23	43	180.72	36	72.83	49
Maryland	732.10	13	789.79	17	476.06	15	210.84	23	102.88	31
Massachusetts**	898.21	5	979.45	6	639.87	3	222.37	18	117.21	23
Michigan	645.49	21	796.00	16	343.22	32	320.29	3	132.49	16
Minnesota	630.02	23	690.67	24	427.78	20	149.54	48	113.35	24
Mississippi	579.24	28	679.36	27	322.15	36	234.70	12	122.51	19
Missouri	572.20	29	651.89	30	345.31	31	194.33	27	112.26	25
Montana	468.46	45	591.61	39	274.10	44	170.29	40	147.22	11
Nebraska	451.87	46	544.48	47	250.61	48	153.34	47	140.53	13
Nevada	758.82	11	876.66	11	530.51	10	228.66	16	117.48	22
New Hampshire	609.14	25	679.47	26	371.97	25	230.71	14	76.80	48
New Jersey***	1,013.47	1	1,169.21	1	662.04	2	351.64	1	155.53	6
New Mexico	639.15	22	785.37	18	408.61	22	229.63	15	147.13	12
New York	905.90	4	1,063.30	4	607.44	5	265.33	8	190.54	1
North Carolina	500.50	41	576.83	43	348.38	30	157.39	46	71.06	51

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**1995**

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	Expenditure	Rank	Premium	Rank	Premium	Rank	Premium	Rank	Premium	Rank
North Dakota	380.98	51	481.61	51	204.77	51	144.91	51	131.93	17
Ohio	532.29	36	588.05	40	327.95	34	182.55	33	77.55	47
Oklahoma	526.17	37	649.98	31	324.91	35	173.19	39	151.88	7
Oregon	564.86	30	634.87	32	373.37	24	175.90	38	85.60	44
Pennsylvania	667.23	18	742.54	21	444.29	19	204.46	26	93.79	38
Rhode Island	869.80	7	1,027.41	5	619.18	4	287.80	6	120.43	21
South Carolina	582.26	27	675.93	28	395.84	23	180.97	35	99.12	35
South Dakota	428.64	50	548.60	46	251.36	47	146.34	50	150.90	9
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\* Because the District of Columbia is entirely urban it may not be directly comparable to states with rural areas.  
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AVERAGE EXPENDITURE = (Total written premiums/Liability Car-Years)  
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Sources: AAIS, ISO, NAI, NISS, Massachusetts Commonwealth Automobile Reinsurers, South Carolina Department of Insurance, Texas Department of Insurance, California Department of Insurance and NAIC.

CAPA has a Technical Committee made up of experts in the collision repair and auto body part industries. This committee performs periodic, in-depth reviews of the Standards, refining them as required, to assure the continued quality of CAPA certified parts. CAPA does not warrant parts nor does it assume responsibility for the manufacturing or quality assurance process. The warranting of parts is between the buyer and seller.

Participants retain sole responsibility for their products, as well as the responsibility of ensuring that the products to which they affix the CAPA Quality Seal actually conform to the applicable Standards. Through this program, Participants actually certify that their parts comply with CAPA Quality Standards. CAPA's independent laboratory validates the Participants with CAPA Quality Standards in accordance with the American National Standards Institute Procedure for Third Party Certification Programs, Z34.1-1993.

**What CAPA Certifies** - CAPA Quality Standards apply to various types of parts made from different materials. CAPA is constantly expanding the certification program to include more parts and new materials. Currently, two specifications which set quality requirements for parts made of metal (CAPA 101), and plastic (CAPA 201) are in place. Each specification provides detailed testing and inspection procedures to ensure the quality of the parts covered by that specification. Where possible, all test procedures refer to nationally recognized tests such as those of ASTM and SAE.

CAPA 101 covers metal automobile parts that are primed, decoratively painted, plated with metallic coatings, or painted and plated with metallic coatings, including: deck lids, door shells, fenders, grilles, headlight bezels, hoods, pickup truck beds and box sides, quarter panels, radiator supports, side moldings, and tail gates. Additional part types will be added as appropriate. The specification includes requirements for dimensional checks (form and fit), metallurgical analysis (composition, mechanical properties and thickness), corrosion protection, appearance, adhesive

and weld integrity, production and assembly requirements, fasteners/hardware, and quality control procedures. Form and fit measurements covered by this specification must be made using a CAPA approved checking fixture specially fabricated for each part, or a coordinate measuring machine in conjunction with a CAPA approved part staging device, and a master part from the original equipment manufacturer.

CAPA 201 covers plastic automobile parts that are unprimed, primed, decoratively painted, plated with metallic coatings, or painted and plated with metallic coatings, including: bumper covers, fenders, front and rear fascias, grilles, header panels, headlight bezels, hoods, and side moldings. Additional part types will be added as appropriate. The specification includes requirements for dimensional checks (form and fit), material analysis (composition and material properties), appearance, adhesive integrity, coating performance, fasteners/hardware, production and assembly requirements, and quality control procedures. Form and fit measurements covered by this specification must be made using a vehicle, a CAPA approved checking fixture specially fabricated for each part, or a coordinate measuring machine in conjunction with a CAPA approved part staging device, and a master part from the original equipment manufacturer.

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CAPA 101 covers metal automobile parts that are primed, decoratively painted, plated with metallic coatings, or painted and plated with metallic coatings, including: deck lids, door shells, fenders, grilles, headlight bezels, hoods, pickup truck beds and box sides, quarter panels, radiator supports, side moldings, and tail gates. Additional part types will be added as appropriate. The specification includes requirements for dimensional checks (form and fit), metallurgical analysis (composition, mechanical properties and thickness), corrosion protection, appearance, adhesive

and weld integrity, production and assembly requirements, fasteners/hardware, and quality control procedures. Form and fit measurements covered by this specification must be made using a CAPA approved checking fixture specially fabricated for each part, or a coordinate measuring machine in conjunction with a CAPA approved part staging device, and a master part from the original equipment manufacturer.

CAPA 201 covers plastic automobile parts that are unprimed, primed, decoratively painted, plated with metallic coatings, or painted and plated with metallic coatings, including: bumper covers, fenders, front and rear fascias, grilles, header panels, headlight bezels, hoods, and side moldings. Additional part types will be added as appropriate. The specification includes requirements for dimensional checks (form and fit), material analysis (composition and material properties), appearance, adhesive integrity, coating performance, fasteners/hardware, production and assembly requirements, and quality control procedures. Form and fit measurements covered by this specification must be made using a vehicle, a CAPA approved checking fixture specially fabricated for each part, or a coordinate measuring machine in conjunction with a CAPA approved part staging device, and a master part from the original equipment manufacturer.

*For more information, contact: Executive Director, Certified Automotive Parts Association, 1518 K Street, NW, Suite 306, Washington, DC, 20005, (202) 737-2212 or (202) 737-2214 (fax).*