

SPONSOR STATEMENT FOR SB 32

"An Act relating to insurance for and work on certain motor vehicle repairs; and providing for an effective date."

Consumers, who seek motor vehicle repairs following an accident, are not; in many cases given full information on the many types of replacement crash parts available to be used in the repair of their collision-damaged vehicles. Some types of replacement crash parts may be of inferior quality or may void the warranty for adjacent parts. Alternative parts can also create unnecessary safety risks due to improper fitting. Despite this, some insurers direct the use or installation of parts other than "original equipment manufactures" (OEM) replacement crash parts without advising consumers of these considerations. While some replacement crash parts are comparable to those manufactured or distributed by the carmaker, the professionals have found others to be inferior to OEM parts in terms of fit, finish, and quality.

The purpose of [SB 32](#) is to protect consumers from the loss of their warranty. SB 32 states that the insurance company must be responsible for maintaining the warranty on a vehicle for aftermarket crash parts when applicable and if used. It also reinforces the consumers' right to have a choice through the consent language to the use of non-OEM parts, during the year of the vehicle's manufacture or during 3 years following that year. The vehicle repair shop must also disclose on the invoice when aftermarket parts are used in making a repair.

Consumers are being shortchanged every time an inferior fender, bumper, hood, radiator, wheel spindle, or steering component is used to repair body damage to a new vehicle. I believe when you buy insurance you have a reasonable expectation you car will be repaired and restored to the condition it was before an accident, without endangering a warranty. Consumers are entitled to this.

A jury in the State of Illinois held State Farm in breach of contract with their policyholders. The policyholders contract was for State Farm to return the damaged cars to pre-accident condition. The lawsuit was a result of State Farm using non-OEM aftermarket parts. State Farm was liable for \$1.18 billion in damages to their policyholders. Thirteen thousand Alaskans were part of this lawsuit.

This bill will allow consumers to consider their options with regard to an insurer's policy on the use of replacement crash parts, especially in newer vehicle's where a manufactures warranty is still in effect.