

HOUSE BILL REPORT

HB 2555

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to the use of aftermarket crash parts for the repair of motor vehicles.

Brief Description: Regulating the use of aftermarket crash parts for the repair of motor vehicles.

Sponsors: Representatives Zellinsky, Constantine, Sullivan, Carrell and Dickerson.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/26/98, 2/2/98 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives L. Thomas, Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt; Keiser; Sullivan and Wensman.

Minority Report: Without recommendation. Signed by 1 member: Representative Smith, Vice Chairman.

Staff: Jim Morishima (786-7191).

Background: Generally, there are two types of motor vehicle crash parts. Genuine crash parts are parts manufactured by or for the original manufacturer of the motor vehicle that are authorized to carry the name or trademark of the original manufacturer. Aftermarket crash parts are parts manufactured by a person other than the original manufacturer that are not authorized to carry the name or trademark of the original manufacturer.

Summary of Substitute Bill: . All non-original equipment manufacturer aftermarket crash parts must be stamped with the name or logo of their manufacturer. Insurers and motor vehicle body shops cannot use non-original manufacturer aftermarket crash parts unless they first disclose to the motor vehicle owner that they are doing so. Furthermore, the insurer or motor vehicle body shop must disclose whether the parts are

CAPA approved. Finally, violations of the act by motor vehicle body shops are violations of the Washington consumer protection statute, while violations by insurers are violations of the Washington insurance code.

Substitute Bill Compared to Original Bill: The substitute bill only requires disclosure when aftermarket crash parts are being used; the original bill banned the use of aftermarket crash parts during the first five years of the motor vehicle's life absent the consent of the motor vehicle owner. All violations of the original bill were violations of the Washington consumer protection act.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Aftermarket crash parts differ from parts manufactured by or for the manufacturer of the motor vehicle. The parts can cause safety and quality problems. Aftermarket crash parts often do not fit as well and do not perform the same in crashes. Use of such parts also could void the manufacturer's warranty on adjacent parts. For these reasons, consumers deserve to have knowledge of when aftermarket crash parts are being used.

Testimony Against: There is a huge industry for aftermarket crash parts. Aftermarket crash parts are most often of very high quality. Placing a burden on the manufacturers of aftermarket crash parts would raise the costs of insurance companies, forcing them to raise their rates. Insurance companies have the incentive to ensure that high quality parts are used in all insurance claims so the danger of low quality aftermarket crash parts being used is minimal.

Testified: Ed Dollar, Autobody Craftsmen Association (pro); Mike West, Southtowne Auto Rebuild (pro); Mel Sorensen, National Association of Independent Insurers (con); Mike Kapphahn, Farmer's Insurance (con); Rob Tee, Safeco (con); and Larry Stevens, Washington Automotive Wholesalers Association (con).