



Property Casualty Insurers  
Association of America  
Advocacy. Leadership. Results.

Jeffrey Junkas  
Assistant Vice President, State Government Relations

March 22, 2016

The Honorable Tory Rocca  
Chairman, Regulatory Reform Committee  
Michigan Senate  
Farnum Building  
125 W. Allegan St., Rm 205  
Lansing, MI 48933

Re: House Bill 4344 – OPPOSE Until Modified

Dear Chairman Rocca and Committee Members:

The Property Casualty Insurers Association of America (PCI) is a trade association representing nearly 1,000 property and casualty insurance companies that write more than \$183 billion in direct written premium, including more than 42 percent of the Michigan personal auto market.

PCI's mission is to promote and protect the viability of a competitive private insurance market for the benefit of consumers and insurers. PCI opposes the current version of House Bill 4344, as amended and advanced out of the House, because it contains language that is detrimental to the consumer auto repair experience that can lead to higher costs, more delays on repairs and potentially more litigation.

Specifically, language on pg. 14, Sec. G in blue as added on the House floor creates a written attestation for the use of non-original equipment manufacturer (OEM) parts. Non-OEM parts are quite common throughout the repair industry, are tested and verified to meet OEM standards and help keep repair costs down – which in-turn helps keep auto insurance more affordable. In fact, many non-OEM parts are often made by the same manufacturers that make OEM parts. PCI recommends returning to the House Transportation and Infrastructure Committee passed version (H-3) for this section to be acceptable. Alternatively, the written acknowledgement should be a consumer notice only and deliverable via electronic means to improve efficiency.

Also, there has been recently circulated potential amendatory language (below) that actually makes matters worse should the committee adopt it. Not only is the six year standard longer than any other state, most states place no such restriction on the use of aftermarket parts. The written attestation adds a cumbersome process sure to delay the repairs and ripe for conflicts among participants in the repair process.

Recently circulated potential new Sec. G of HB 4344 that PCI opposes:

8700 West Bryn Mawr Avenue, Suite 1200S, Chicago, IL 60631-3512 Telephone 847-297-7800 Facsimile 847-297-5064 [www.pciaa.net](http://www.pciaa.net)  
444 North Capitol Street NW, Suite 801, Washington, DC 20001 Telephone 202-639-0490

G) DURING THE FIRST 6 YEARS OF A VEHICLE MANUFACTURER'S ORIGINAL WARRANTY, REPLACE A MAJOR COMPONENT PART DESCRIBED IN SECTION 2A(A)(III) TO (XIV) WITH A PART THAT IS NOT AN ORIGINAL EQUIPMENT MANUFACTURER PART, A PART THAT IS NOT A USED OR RECYCLED ORIGINAL EQUIPMENT MANUFACTURER PART, OR A PART THAT DOES NOT MEET OR EXCEED APPLICABLE FEDERAL MOTOR VEHICLE SAFETY STANDARDS AND STANDARDS FOR PARTS RECOGNIZED AS OEM COMPARABLE QUALITY AS VERIFIED BY A NATIONALLY RECOGNIZED AUTOMOTIVE PARTS TESTING AGENCY. THIS SUBDIVISION DOES NOT APPLY IF THE OWNER OF THE MOTOR VEHICLE REQUESTS THAT THE FACILITY REPLACE A MAJOR COMPONENT PART DESCRIBED IN SECTION 2A(A)(III) TO (XIV) WITH A PART THAT DOES NOT MEET THE REQUIREMENTS OF THIS SUBDIVISION, AND THE OWNER PROVIDES THE FOLLOWING WRITTEN ACKNOWLEDGMENT TO THE FACILITY:

"I ACKNOWLEDGE THAT THE INSTALLATION OF THIS REPLACEMENT PART MAY VIOLATE OR RESULT IN THE CANCELLATION OF ANY WARRANTY ON THE PART, AND ANY ASSOCIATED PART ON THE VEHICLE, PROVIDED BY THE VEHICLE MANUFACTURER OR THE ORIGINAL EQUIPMENT MANUFACTURER BY CONTRACT OR UNDER FEDERAL LAW."

Of note as you consider changes to the repair process, a PCI survey of consumer released last year found that nearly 56 percent of drivers are either very or extremely satisfied with the insurance claims process, and 78 percent of drivers favor insurance companies offering a recommendation of shops that provide quality repairs. The most recent J.D. Power study on auto insurance claims process reinforces the findings in the PCI survey showing overall customer satisfaction with the auto insurance claims process has improved steadily during the past five years.

For the above reasons, PCI urges a "NO" vote on HB 4344 as passed by the House until the suggested modifications to make the bill acceptable are adopted.

Please contact me directly at 847-553-3678 or via email at [jeffrey.junkas@pciaa.net](mailto:jeffrey.junkas@pciaa.net) with any questions or George Carr, PCI's Michigan counsel, at [gm carr@carrlawfirm.com](mailto:gm carr@carrlawfirm.com) or 517-371-2577.

Sincerely,



Jeffrey Junkas

cc: George Carr  
Teri Morante, DIFS

PCI – Part Availability Amendments to HB 4344 (S-2)

1. Amend Page 15, Line 12 after : **AGENCY.**” By inserting:

**“THIS SUBDIVISION DOES NOT APPLY IF AN ORIGINAL EQUIPMENT MANUFACTURED PART, A USED OR RECYCLED ORIGINAL EQUIPMENT MANUFACTURED PART, OR A VERIFIED PART IS NOT AVAILABLE TO A FACILITY.”**

House Bill No. 4344 as amended June 17, 2015  
as amended February 10, 2016

House Passed. -

1 NECESSARY WHEN IN FACT THEY ARE NOT.

2 (D) PERFORM AND CHARGE FOR REPAIRS THAT ARE NOT SPECIFICALLY  
3 AUTHORIZED.

4 (E) FAIL TO PERFORM PROMISED REPAIRS WITHIN THE PERIOD OF TIME  
5 AGREED, OR WITHIN A REASONABLE TIME, UNLESS CIRCUMSTANCES BEYOND  
6 THE CONTROL OF THE FACILITY PREVENT THE TIMELY PERFORMANCE OF THE  
7 REPAIRS AND THE FACILITY DID NOT HAVE REASON TO KNOW OF THOSE  
8 CIRCUMSTANCES AT THE TIME THE CONTRACT WAS MADE.

9 (F) REPRESENT, EITHER DIRECTLY OR INDIRECTLY, THAT A  
10 REPLACEMENT PART USED IN THE REPAIR OF A VEHICLE IS NEW OR OF A  
11 PARTICULAR MANUFACTURE WHEN IN FACT IT IS USED, REBUILT,  
12 RECONDITIONED, DETERIORATED, OR OF A DIFFERENT MANUFACTURE, OR  
13 OTHERWISE FAIL TO DISCLOSE IN WRITING, BEFORE BEGINNING A REPAIR,  
14 THE USE OF USED, REBUILT, OR RECONDITIONED PARTS.

15 [(G) REPLACE A MAJOR COMPONENT PART DESCRIBED IN SECTION 2A(A) (iii)  
16 TO (xiv) WITH A PART THAT DOES NOT MEET OR EXCEED STANDARDS RECOGNIZED AS  
17 OEM COMPARABLE QUALITY AS VERIFIED BY A NATIONALLY RECOGNIZED AUTOMOTIVE  
18 PARTS TESTING AGENCY, UNLESS NO OEM OR VERIFIED PART IS AVAILABLE OR  
19 UNLESS OTHERWISE DIRECTED BY THE OWNER OF THE MOTOR VEHICLE IN WRITING.  
THIS SUBDIVISION DOES NOT APPLY TO THE REPLACEMENT OF A MAJOR COMPONENT  
PART IF THAT PART IS NO LONGER COVERED UNDER THE ORIGINAL EQUIPMENT  
MANUFACTURER'S WARRANTY.

20 (H) SUBSEQUENT TO A DIAGNOSIS REQUESTED BY A CUSTOMER FOR  
21 WHICH A CHARGE IS MADE, FAIL TO DISCLOSE A DIAGNOSED OR SUSPECTED  
22 MALFUNCTION, THE RECOMMENDED REMEDY FOR THE MALFUNCTION, AND ANY  
23 TEST, ANALYSIS, OR OTHER PROCEDURE EMPLOYED TO DETERMINE THE  
24 MALFUNCTION.

25 SEC. 7B. A MOTOR VEHICLE REPAIR FACILITY THAT IS SUBJECT TO  
26 THIS ACT, OR A PERSON THAT IS AN OWNER OR OPERATOR OF A MOTOR  
27 VEHICLE REPAIR FACILITY THAT IS SUBJECT TO THIS ACT, SHALL NOT,



FEDERAL TRADE COMMISSION  
CONSUMER INFORMATION  
[consumer.ftc.gov](http://consumer.ftc.gov)

## Auto Warranties & Routine Maintenance

If you own a car, you know how important it is to keep up with routine maintenance and repairs. But can a dealer refuse to honor the warranty that came with your new car if someone else does the routine maintenance or repairs?

The Federal Trade Commission (FTC), the nation's consumer protection agency, says no. In fact, it's illegal for a dealer to deny your warranty coverage simply because you had routine maintenance or repairs performed by someone else. Routine maintenance often includes oil changes, tire rotations, belt replacement, fluid checks and flushes, new brake pads, and inspections. Maintenance schedules vary by vehicle make, model and year; the best source of information about routine scheduled maintenance is your owner's manual.

- What is a warranty?
- Do I have to use the dealer for repairs and maintenance to keep my warranty in effect?
- Will using 'aftermarket' or recycled parts void my warranty?
- Tips To Avoid Warranty Issues

### What is a warranty?

A warranty is a promise, often made by a manufacturer, to stand behind its product or to fix certain defects or malfunctions over a period of time. The warranty pays for any covered repairs or part replacements during the warranty period.

### Do I have to use the dealer for repairs and maintenance to keep my warranty in effect?

No. An independent mechanic, a retail chain shop, or even you yourself can do routine maintenance and repairs on your vehicle. In fact, the Magnuson-Moss Warranty Act, which is enforced by the FTC, makes it illegal for manufacturers or dealers to claim that your warranty is void or to deny coverage under your warranty simply because someone other than the dealer did the work. The manufacturer or dealer can, however, require consumers to use select repair facilities if the repair services are provided to consumers free of charge under the warranty.

That said, there may be certain situations where a repair may not be covered. For example, if you or your mechanic replaced a belt improperly and your engine is damaged as a result, your manufacturer or dealer may deny responsibility for fixing the engine under the warranty. However, according to the FTC, the manufacturer or dealer must be able to demonstrate that it was the improper belt replacement — rather than some other defect — that caused the damage to your engine. The warranty would still be in effect for other parts of your car.

## Will using 'aftermarket' or recycled parts void my warranty?

No. An 'aftermarket' part is a part made by a company other than the vehicle manufacturer or the original equipment manufacturer. A 'recycled' part is a part that was made for and installed in a new vehicle by the manufacturer or the original equipment manufacturer, and later removed from the vehicle and made available for resale or reuse. Simply using an aftermarket or recycled part does not void your warranty. The Magnuson-Moss Warranty Act makes it illegal for companies to void your warranty or deny coverage under the warranty simply because you used an aftermarket or recycled part. The manufacturer or dealer can, however, require consumers to use select parts if those parts are provided to consumers free of charge under the warranty.

Still, if it turns out that the aftermarket or recycled part was itself defective or wasn't installed correctly, and it causes damage to another part that is covered under the warranty, the manufacturer or dealer has the right to deny coverage for that part and charge you for any repairs. The FTC says the manufacturer or dealer must show that the aftermarket or recycled part caused the need for repairs before denying warranty coverage.

## Tips To Avoid Warranty Issues

Here's how to get the most out of your vehicle's warranty:

- **Read your warranty.** Often bundled with your owner's manual, the warranty gives a general description and specific details about your coverage. If you have misplaced your owner's manual, look for it online. Check the "Owners" section of your manufacturer's website.
- **Be aware of your warranty period.** If problems arise that are covered under the warranty, get them checked out before the warranty expires.
- **Service your car at regular intervals.** This is a good idea in any case. But for the sake of keeping your warranty intact, follow the manufacturer's recommended service schedule. Details are in your owner's manual.
- **Keep all service records and receipts, regardless of who performs the service.** This includes oil changes, tire rotations, belt replacement, new brake pads, and inspections. Create a file to keep track of repairs; it will come in handy if you have to use your warranty. If you ever have a warranty claim and it appears that you did not maintain your vehicle, your claim could be denied.
- **Complain.** If you think a dealer's service advisor denied your warranty claim unfairly, ask to speak with a supervisor. If you still aren't satisfied, contact the manufacturer or go to another dealer. You also may wish to file a complaint with your state Attorney General, local consumer protection office, or the FTC.

May 2015