



PCI's California voice.

## Hot Issue: Auto Body Repair

### **AFTERMARKET PARTS ARE SAFE AND KEEP REPAIRS AFFORDABLE**

Auto body repair is a major segment of automobile insurance claims costs and these costs have risen steadily in recent years. Insurers must balance their customers' expectations for quality and timely repairs with the need to control costs. Insurers pay for 80 percent of the auto body repair costs nationally and are working to keep repair costs reasonable so rates can remain affordable.

For many years automobile manufacturers enjoyed total control over the parts marketplace and dictated the exorbitant price that consumers would have to pay for replacement parts. Growing consistency of automobile design, coupled with tremendous markups by the automobile manufacturers for replacement parts, led to the genesis of the aftermarket parts industry. The impact of this new market caused auto makers, by their own admission, to drop their prices in direct response to aftermarket competition.

The cost benefits to consumers provided by the existence of a competitive market for replacement crash parts are significant. It has been estimated that competitive aftermarket parts are priced between 34 and 83 percent lower than comparable OEM parts. Studies have shown that, even before a single part is paid for, the existence of competitive aftermarket parts reduces the price of a comparable OEM part by 1.4 percent per year that the aftermarket part is available.

### **ACIC'S POSITION**

ACIC believes that a claimant has the right to choose where his or her vehicle is repaired and the insurance company that provides coverage for the vehicle has the duty to explain repair options to the claimant so that the claimant is fully informed.

ACIC supports the competitive influence of the aftermarket crash part industry, which has helped to bring about lower costs for replacement automobile parts. ACIC supports the ability of consumers and insurers to choose quality replacement parts of like kind and quality to make repairs to vehicles they own or insure.