



September 14, 2011

STATE FARM

FARMERS

LIBERTY
MUTUAL GROUP

PROGRESSIVE

ALLSTATE

MERCURY

NAMIC

Honorable Jerry Brown
Governor of the State of California
State Capitol, First Floor
Sacramento, CA 95814

Attn: Gareth Elliot, Secretary of Legislative Affairs

Request for Signature on SB 869 (Yee)

Dear Governor Brown:

The Personal Insurance Federation of California (PIFC), representing insurers who write over 60% of the auto insurance sold in the state, including State Farm, Farmers, Liberty Mutual Group, Progressive, Allstate, Mercury and NAMIC, **requests your signature on SB 869 authored by Senator Leland Yee.**

SB 869 is a consumer friendly bill that requires any automotive repair dealer to actually repair and fully restore an airbag that has been damaged in an accident. The bill also creates a penalty of a misdemeanor subject to a fine, imprisonment, or both.

In June 2003, the Bureau of Automotive Repair (BAR) completed a study of auto body collision repairs by inspecting vehicles from around California. The purpose of this study was to identify auto body repair work that was not done as specified in the final invoice. This previous study by the BAR was a one-time effort initiated by legislation. In January 2007, the BAR reopened the auto body inspection program. We believe that SB 869 could be an effective measure to support the BAR's current activities against auto body fraud.

The National Highway Traffic Safety Administration (NHTSA) found that 20% of all deaths in crashes caused by an airbag failing to deploy are due to the airbag not having been installed in a repair prior to the crash. The NHTSA study means that in 20% of all repairs involving airbag deployments, the airbag is not replaced. California has at least 30,000 repairs each year where a deployed airbag is not replaced. If the consumer is billed for the replacement and none is provided, the fraud on consumers can total over \$30 million each year because average airbag replacement cost is more than \$1000.

SB 869 is a disclosure measure that certifies to consumers and our policyholders that the parts paid for by their premiums were actually installed on their vehicles. For the reasons stated above, **PIFC respectfully requests your signature on this bill.** If you have any questions, please contact Michael A. Gunning at (916) 442-6646.

Sincerely,

Rex Frazier
PIFC President

Michael A. Gunning
PIFC Vice President

cc: Honorable Leland Yee, Author
Camille Wagner, Deputy Secretary of Legislative Affairs
Randall Ward, Director, Office of the Insurance Advisor