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**PCI Applauds Introduction of Repair Clause Bills**  
*Legislation would help stem monopoly tide in auto parts market*

WASHINGTON—The Property Casualty Insurers Association of America (PCI) supports today's introduction of the Access to Repair Parts Act as an important step in eliminating anti-competitive behavior in the auto parts replacement market and in controlling repair and insurance costs for consumers.

The companion legislation, introduced by Rep. Zoe Lofgren in the House and Sen. Sheldon Whitehouse in the Senate, would create an exception from design patent infringement for certain component parts used to repair another article of manufacture. That exception is critical for auto parts suppliers' ability to compete against auto companies in the repair parts market.

For some time, auto companies have sought to limit or eliminate competition for replacement parts that are most frequently used in repairs after accidents, such as fenders and hoods. Despite controlling almost 70 percent of the market for such parts, they have attempted to use design patent laws to achieve a monopoly.

"PCI has actively supported introduction of this legislation to prevent auto companies from bringing patent infringement claims on repair parts," said Bob Passmore, PCI's director of personal lines. "As they consider this legislation, we hope lawmakers will carefully weigh the role that competition plays in the auto replacement parts market in terms of controlling repair and insurance costs for consumers."

The availability of aftermarket parts has created competition in the market and has helped bring about lower costs for replacement automobile parts. PCI conducted a study earlier this year that showed consumers and insurers would face staggering costs if car companies gain a monopoly on the market for parts needed to repair vehicles after a collision. According to the study, even without the cost of paint and labor, a 2005 Ford Mustang GT built entirely from car company crash parts would cost nearly three times the car's original price.

"Aftermarket parts not only provide lower-priced, quality alternatives, they also keep car company parts prices lower, resulting in tremendous direct and indirect savings for consumers," said Passmore. "Car company efforts to gain a monopoly in this market would increase repair costs and harm consumers. The loss of a competitive market for auto replacement parts would add more than \$3 billion to insurers' costs, which would be passed on to consumers in the form of higher insurance premiums."

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$176 billion in annual premium, 35.9 percent of the nation's property casualty insurance. Member companies write 43.8 percent of the U.S. automobile insurance market, 29.6 percent of the homeowners market, 32.8 percent of the commercial property and liability market, and 38.4 percent of the private workers compensation market.

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