



Automotive Service Association®

# LEGISLATIVE NEWS



A bi-monthly update of ASA's legislative activities.

May/June 2014



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## Recent activities of ASA's Washington, D.C., office ...

### ASA Mechanical Leaders Hold Meetings in Nation's Capitol

- Today, less than half the states in the U.S. have any type of periodic motor vehicle inspection program (PMVI). Of the states that have programs, several only require a vehicle safety inspection when the vehicle is sold or transferred.
- With our recent economic conditions, independent automotive technicians have recognized an increased number of neglected repairs. This poses a risk to the safety of the vehicle owner, his or her passengers, other drivers, pedestrians and property. In addition, it hurts the long-term value of the vehicle.
- ASA Mechanical Division leaders led by Bob Wills, Mechanical Division director, visited Washington, D.C., for meetings with top federal officials.
- ASA leaders met with David Friedman, National Highway Traffic Safety Administration administrator, and senior NHTSA officials. Issues discussed were the importance of periodic motor vehicle inspections and how repairers may assist NHTSA in providing information for the Office of Defects Investigation.
- ASA will promote NHTSA's data-gathering efforts at NACEICARS 2014 in Detroit.
- NHTSA is also participating in the CARS Auto Alliance Innovation, Technology & Telematics Expo Aug. 1 in Detroit.
- ASA met with Capitol Hill leaders on committees of importance to independent repairers including the U.S. House Energy and Commerce Committee, the U.S. Senate Commerce Committee, U.S. Senate Environment and Public Works Committee and others.
- Issues discussed on Capitol Hill included periodic motor vehicle inspections and new vehicle technologies.

### ASA Collision Leaders Take 'Most Favored Nation Clause' Message to Capitol Hill

- ASA Collision Division leaders led by Dan Stander, collision division director, and Darrell Amberson, ASA chairman, met with top Washington, D.C., officials on their second national fly-in regarding most favored nation clauses.
- **MFN Clause** – The most commonly used most favored nation (MFN) provisions guarantee an insurer that it will receive prices that are at least as favorable as those provided to other carriers of the same seller, for the same products or services. Although at times employed for benign purposes, MFNs can, under certain circumstances, present concerns regarding a company's ability to stay

competitive. This is because they may, especially when used by a dominant buyer of intermediate goods, raise other buyers' costs or foreclose would-be competitors from accessing the market.

- **Examples of the Negative Impact of MFN Clauses:**  
**Collision shops:** If the largest or a larger insurer insists on an MFN clause, shops are forced to make decisions as to whether to participate with other insurers that may have smaller market share, but require higher discount(s). This could negatively impact the collision shop, as well as limit the repair choices of the vehicle owner (consumer).  
**Consumers:** Shops are pressured to reduce direct repair program participation with carriers that require discounts, yet have a smaller market share. Consumers may not be allowed to have their vehicle repaired where they prefer to have it repaired. Consumers could face physical inconveniences with the lack of repair shop choice. The cost to repair a vehicle could increase with smaller insurer discounts becoming problematic for collision repairers.  
**Insurers:** Smaller carriers, and some larger carriers that require discounts, are at a disadvantage due to shops having to drop their programs to avoid the financial pressure of providing all these same discounts to an insurer that is dominant in the marketplace.
- ASA also discussed Original Equipment Manufacturer (OEM) Structural Repair Procedures with members of the U.S. House of Representatives and the U.S. Senate.

### House Bill Takes Another Step on Federal Insurance Regulation

- U.S. Reps. Ed Royce (R-Calif.) and Tammy Duckworth (D-Ill.) have introduced House Bill 4669, the Servicemembers Insurance Relief Act. This bill simplifies the state-based insurance regulatory system by abolishing the auto insurance change requirement for relocating servicemembers.
- ASA is encouraging members to contact their representatives to ask them to co-sponsor H.R. 4669.

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