

Press Release



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Contact: Judell Anderson, CAE, Executive Director
Alliance of Automotive Service Providers of Minnesota (AASP-MN)
(612) 623-1110

OEM Repair Procedures Legislation Examined

On March 3rd, the Minnesota House Commerce Committee held an oversight hearing on the Alliance of Automotive Service Providers of MN's (AASP-MN) legislative proposal to ensure coverage and payment for repairs conducted in accordance with original vehicle manufacturer repair procedures.

Commerce Committee Chair, Representative Laurie Halverson (DFL-Eagan) offered the Oversight Hearing to air the issues when AASP-MN reported to her that it had not reached a compromise with the insurance industry on the measure introduced in the 2019 Session. The hearing did not involve debating the specific language of the proposal. No action by the Committee was expected and none was taken.

AASP-MN prepared and delivered testimony outlining the repair industry's position. Darrell Amberson of LaMettry's Collision served as the Association's spokesperson. He cited the repair industry perspective that, with the increasing technological sophistication of vehicles, it has become more important to follow all vehicle-specific repair procedures to ensure that vehicles are restored to safe operating condition – including all of the operations necessary to test and recalibrate sensors and other systems designed to ensure occupant safety. The repair industry's concern regarding liability for proper repairs was a key issue presented to the Committee.

The Committee was also informed of the extensive discussions/negotiations between AASP-MN and the insurance industry that took place last summer and fall in an attempt to reach a compromise.

The Insurance Federation of Minnesota (IFM) also testified and expressed its fundamental concerns with the proposed legislation as it was introduced last year. Aaron Cocking, the new Executive Vice President of IFM, said the reliance on original vehicle manufacturer repair procedures would result in higher repair costs and higher premiums. He also expressed concern that shops were relying on guidance which was not definitive, citing the fact that certain original vehicle manufacturer documents are framed as "recommendations" rather than requirements. He specifically indicated that any general guidance document should only be considered on a case-by-case basis, rather than as a repair standard.

Parts recyclers, including LKQ and the Automotive Recyclers of Minnesota, got into the mix, as well. They indicated that reliance on original vehicle manufacturer procedures would "stifle healthy competition". They acknowledged the importance of recalibrating sensors through scans or other special tools but expressed concern about OEMs creating barriers to participation in the broader repair and service marketplace. The likelihood of increased costs of repair leading to an increased number of totaled vehicles was also a concern.

It is apparent from the tone of the Oversight Hearing that this repair industry initiative will likely face insurmountable barriers to enactment in Minnesota unless a compromise can be reached with the insurance industry. The 2019 efforts fell just short and now it is unclear whether the Insurance Federation of

Minnesota will re-engage in negotiations on the issue until a consensus policy is developed by the insurance industry at the national level.

Clearly, the world of vehicle repair is changing quickly. AASP-MN will continue to seek clarity and equity for members who are committed to safely and properly repair the increasingly sophisticated vehicles on the road today.

AASP-MN is an association of independently-owned automotive service businesses and industry suppliers dedicated to improving Minnesota's automotive service industry and the success of its nearly 750 members. For more information, visit www.aaspmn.org.

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