

Honolulu, Hawaii

MAR 15 , 2019

RE: S.B. No. 823
S.D. 1
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred
S.B. No. 823, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE REPAIRS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require insurers to provide a choice to the insured consumer of authorizing a repair provider to utilize a like kind and quality crash part or the original equipment manufacturer crash part;
- (2) Specify the circumstances when an insured consumer who chooses the use of an original equipment manufacturer crash part must pay the additional cost of the original equipment manufacturer crash part that is in excess of the equivalent like kind and quality crash part; and
- (3) Define "crash part" and "like kind and quality".

The Kraftsman Auto Body, Auto Body Hawaii, Tony Group Collision Center, Island Fender, Automotive Body and Painting Association of Hawaii, and a few concerned individuals testified in support of this measure. The American Property Casualty



Insurance Association, Hawaii Insurers Council, LKQ Corporation, State Farm Mutual Automobile Insurance Company, Prism Group LLC, Geico, and National Association of Mutual Insurance Companies testified in opposition to this measure. The Department of Commerce and Consumer Affairs provided comments on this measure.

Your Committee has amended this measure by deleting its substantive contents and replacing it with language that:

- (1) Requires insurers to clearly give consumers notice of the choice of whether to use an aftermarket part, if available, or an original equipment manufacturer part for motor vehicle body repair work;
- (2) Requires the Legislative Reference Bureau to study the safety hazards of aftermarket parts, licensure of motor vehicle body repair shops, and impacts of requiring insurers to give consumers notice as required by this measure; and
- (3) Makes technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Intrastate Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 823, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 823, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Intrastate
Commerce,



TAKASHI OHNO, Chair



