

SCRS Analysis of NCOIL 2009 Auto Airbag Fraud Model

Proposed Model Act Regarding Auto Airbag Fraud

To be considered by the NCOIL Property-Casualty Insurance Committee on July 11, 2009.

Sponsored by Rep. Brian Kennedy (RI)

Based on the current language provided in the proposed model, and for reasons outlined below, SCRS opposes the current model language and urges the NCOIL Committee to not vote in favor of this model as written.

1. The purpose of NCOIL is to help legislators make informed decision on insurance issues that affect their constituents, improve the quality of insurance regulation, and to assert the prerogative of legislators in making state policy when it comes to insurance. Purchasers, Sellers and Installers of airbags are not, by virtue, a part of the business of insurance and are regulated by different entities. While there are areas of this law that may be beneficial to the consumer, and clearly address issues of importance, proposed model legislation of this nature appears to be outside of the scope of NCOIL's role.
2. More importantly, reading this legislation, it seems to support the use and installation of salvaged/harvested airbags as long as proper documentation is maintained and the consumer is notified. The use of salvaged airbags is still rigorously debated within the industry due to safety and liability concerns and to date there is no conclusive proof that salvaged airbags are consistently as safe as new OEM replacements. In addition, many of the OEM's have provided very stern warnings about the safety hazards involved in the use of salvaged replacement airbags, which would require any facility a great deal of liability by not heeding the precaution from the vehicle manufacturer.