

INSURANCE INSTITUTE FOR HIGHWAY SAFETY

August 21, 2009

The Honorable Charles Curtiss, Chair
NCOIL Property-Casualty Committee
34 Legislative Plaza
Nashville, TN 37243

Dear Chairman Curtiss:

Thank you for providing the Insurance Institute for Highway Safety with an opportunity to comment on the National Conference of Insurance Legislators' Proposed Model Act Regarding Auto Airbag Fraud, which would permit the use of salvaged airbag modules in the repair of vehicles. We have concerns about the use of salvaged airbags in vehicle repair and generally have recommended that they not be used.

Airbag system designs in most vehicles have been improved in recent years (sometimes improved several times), so matching the correct airbag module to a vehicle being repaired is not straightforward. Salvaged airbag modules also may have sustained water damage (which can adversely affect airbag inflation characteristics) if recovered from vehicles involved in floods or if the airbag is exposed directly to water after being removed from a vehicle.

The widespread use of salvaged airbags modules for repairs is likely to exacerbate the already significant problem of airbag theft. Thieves have long targeted specific vehicle components such as radios and wheel covers, but in recent years they have developed a black market for airbags. Stolen airbags can be sold at low prices to unethical repair shop owners who then charge customers standard prices for replacement airbags.

Any permitted use of salvaged airbags modules should be well controlled and documented so that consumers are assured that the salvaged airbag used in the repair of their vehicles have not been damaged, are appropriate for use in their vehicles, and have been installed properly. Specifically, consumers should be informed about:

- use of a salvaged airbag in the repair of a vehicle,
- year, make, and model of the vehicle from which the salvaged airbag was recovered,
- reason why the vehicle was salvaged,
- process used to determine that the airbag is appropriate for use in the vehicle,
- process used to determine that the airbag has been checked for water and other damage, and
- process used to determine that the airbag has been installed properly.

Again, thank you for the opportunity to comment on the Proposed Model Act Regarding Auto Airbag Fraud.

Sincerely,



Stephen L. Oesch
Secretary-Treasurer and Senior Vice President,
Insurer and Government Relations