



February 13, 2024

Honorable Joseph Solomon, Jr
House Committee on Corporations
Rhode Island State House
82 Smith St.
Providence, RI 02903

RE: HB 7264, AN ACT RELATING TO INSURANCE – MOTOR VEHICLE REPLACEMENT PARTS

Dear Chairman Solomon:

As the Government Affairs Manager for LKQ Corporation in the Northeast I respectfully ask you to **oppose and vote NO on HB 7264**, which is set to be heard before the House Committee on Corporations on February 14, 2024. HB 7264 makes it so that no insurer may refuse to pay for OEM parts for vehicle repairs for vehicles greater than 48 months and less than 72 months from the date of manufacture. **Plainly stated, this further extends the four-year car manufacturer parts monopoly that already exists in Rhode Island, for insurance repairs, an additional two years. It is a direct attack on the aftermarket parts industry without any rational reasoning. If passed it will do nothing more than increase the cost of vehicle repair, harm the aftermarket parts industry in RI, and raise insurance premiums.**

LKQ has 50 employees at 2 facilities in Rhode Island which this legislation puts at risk. They are located in Cumberland and Johnston. Additionally, we have a number of employees who work at our Taunton, MA facility but reside in Rhode Island. LKQ Corporation, an S&P 500 company, is a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. We offer our customers a broad range of replacement systems, components, equipment, parts and services to repair, calibrate, and accessorize automobiles, trucks, and recreational and performance vehicles. We employ 15,000 people nationwide and operate more than 440 facilities in 46 states.

LKQ leads the alternative auto parts industry with the strongest warranty protection for aftermarket, recycled, and remanufactured products. LKQ is committed to quality and backs recycled and aftermarket collision products with lifetime warranties. Precision manufacturing, third-party testing, validation and parts tracking support LKQ's goal of offering consumers parts that are equal in like, kind and quality to OEM parts. In addition, aftermarket products undergo a multitude of internal and third-party testing and certification safeguards. LKQ's Promise of Protection surpasses all other replacement part suppliers and continues to raise the bar in quality assurance.

The aftermarket parts industry is a robust state of the art industry and HB 7264 negatively impacts it, its employees in Rhode Island, and the Rhode Island consumer as a whole. Specifically, the bill:

- Creates an unlevel playing field against the aftermarket parts industry in favor of the new OEM parts. Without competition from lower cost alternative parts, auto manufacturers are free to charge more for their parts making repairs more costly. Greater competition, lower costs, and lower insurance premiums are all direct benefits from the free use of alternative parts.

- Would cause even longer repair times for Rhode Island consumers who need access to their vehicle. Restricting the use of aftermarket parts would exacerbate supply chain disruptions that have already caused months-long repairs due to current global conflicts and the ongoing aftermath of the pandemic.
- Ignores the many benefits that alternative parts provide to consumers. Alternative parts are a readily available and affordable solution, compared to overpriced and backordered new car company parts, for Rhode Island families to be able to repair their vehicles in a prompt and safe manner. Alternative parts sell for between 26% to 50% less than comparable OEM parts, which allows insurance companies to contain collision repair costs and premiums.

LKQ opposes the underlying premise that only parts supplied by the OEMs are safe, reliable, and suitable to restore a vehicle to its pre-loss condition. This premise denies the fact that automakers do not manufacture all of their own parts. Instead, OEM parts manufacturers supply parts for the automakers as well as aftermarket providers. These OEM parts are often manufactured in the same facility and assembly line, following identical specifications, but branded differently for the automaker and the aftermarket provider.

Proponents of this restrictive legislation make unfounded claims against the safety and performance of alternative parts but have failed time and time again to provide conclusive evidence that aftermarket parts have caused accident, injury or death. While proponents of this monopolistic legislation make false accusations discrediting the alternative parts industry, the OEMs continue to face a myriad of lawsuits and safety recalls due to the failure of their products which have indeed caused accident, injury and death. Just two weeks, an automaker issued a “Do not Drive” advisory to 50,000 car owners over potentially deadly and unsafe issues.

As Chairman of the House Committee on Corporations, I hope you will recognize the problems HB 7264 creates and the detriments it poses to the aftermarket parts industry and to consumers in Rhode Island. While we agree that a quality repair is paramount for the safety of the driver and passengers when repairing a vehicle, this extension of the OEM part monopoly for insurance repairs would only benefit the repair shops, the OEMs and their franchised dealers. On behalf of LKQ Corporation I ask you to **oppose and vote NO on HB 7264**.

Please do not hesitate to contact me if you have any questions. I can be reached at (305) 720- 1877.

Respectfully,



Andreas Heiss
Government Affairs Representative
LKQ Corporation