

NAMIC HAILS BIPARTISAN, BICAMERAL LEGISLATION TO PRESERVE CONSUMER CHOICE IN AUTO PARTS

Legislation to protect a free market for auto repair parts introduced with strong bipartisan support in both the House and Senate would save consumers billions of dollars each year, the National Association of Mutual Insurance Companies said today.

Auto companies currently control about two-thirds of the market for repair parts, which are those used in repairs after an accident. In recent years, some auto companies have been seeking to increase that share by filing design patents that would bar competitors from offering a similar part for 14 years, a term longer than the average person owns his or her car.

“Competition is important in any marketplace, ensuring not only low prices but a higher quality of products,” said Jimi Grande, senior vice president of federal and political affairs for NAMIC, noting that aftermarket repair parts save consumers between \$1.5 billion and \$2.4 billion each year. “However, auto manufacturers are increasingly trying to eliminate the competition through abuse of design patents to create a monopoly for themselves.”

Introduced by Reps. Darrell Issa, R-Calif., and Zoe Lofgren, D-Calif., in the House and Sheldon Whitehouse, D-R.I., and Orrin Hatch, R-Utah, in the Senate, the Promoting Automotive Repair, Trade, and Sales, or PARTS Act, would limit the design patent on an auto repair part to 30 months, ensuring a measure of competition for repair parts while maintaining a window of exclusivity for the original equipment manufacturer.

“There’s no benefit to consumers in forcing them to pay more for a cosmetic part,” Grande said, “Consumers deserve to have a choice when repairing their vehicles, but unless Congress acts competition could be eliminated through litigation and patent abuse.”

Aftermarket parts are made under a brand different from the original manufacturer, although they are built to the same specifications and, in some cases, on the same machines as original parts. The parts covered under the legislation are solely cosmetic in nature and would have no bearing on the safety or crash-worthiness of a vehicle, but generally cost between 26 percent and 50 percent less than those made by the original manufacturer.

“At its core, this is a consumer issue,” Grande said. “Whether through increased insurance costs or the direct cost of paying for repairs yourself, every driver is affected by auto repair costs. The PARTS Act simply ensures that companies will have to compete, which benefits consumers.”

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