



Coalition Against Insurance Fraud

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Dennis Jay
Executive Director

*A national coalition of consumers, government agencies
and insurers dedicated to combating all forms of
insurance fraud through public information and
advocacy.*

June 6, 2016

Hon. Nikki Haley
Governor-State of South Carolina
Office of the Governor
1205 Pendleton Street
Columbia, South Carolina 29201

RE: S 1015

Dear Governor Haley:

I am writing on behalf of the Coalition Against Insurance Fraud in support of S 1015, targeting the use of counterfeit and non-functional airbags used in automobile repair that is now at your desk.

The Coalition Against Insurance Fraud is a national broad-based alliance of consumer groups, insurers and government organizations dedicated to combating all forms of insurance fraud through education, research and advocacy. We are recognized as one of the leading anti-fraud organizations. We work closely with legislators and regulators to strengthen state efforts to target fraud against America's insurance system and consumers.

The Coalition has been concerned about airbag theft and fraud for several years and we have worked to strengthen state laws protecting consumers from these phony airbags. We worked closely with the National Conference of Insurance Legislators in crafting a model airbag theft and fraud law that is a comprehensive approach to the issue.

Airbags are there to protect us from serious injuries or worse and we have the expectation that when we get into an auto the airbags will indeed protect us. The use of counterfeit or non-functional airbags puts that expectation in jeopardy.

However, the latest trend of marketing and installation of counterfeit and non-functional airbags needs to be addressed. Twelve states already have enacted a version of this bill in the past several years. And, we expect several more will do so during the 2016 legislative sessions.

The Coalition has two main reasons supporting the need for this legislation:

1. Consumer Protection. Consumers believe that when an airbag is replaced in their auto it is the actual manufacturer's airbag for their vehicle. We all assume the airbag would work as it is supposed to - protecting us in a crash from serious injury or death. Counterfeit airbags do not give us any of that protection.
2. Insurance Fraud. These counterfeit airbags are marketed through the "black market" and through websites like eBay and Craigslist to repair shops as manufacturer's replacement airbags. However, the cost is a small fraction of what an actual replacement airbag would cost a repair shop to purchase. These shady repair shops knowingly purchase these phony airbags. Yet, they turn around and charge the insurer the actual cost of a manufacturer's replacement airbag. Insurers pay the claim for the airbag that usually is in excess of \$1,000 for an airbag. The ethically-challenged repair shop obviously pockets the difference committing insurance fraud against both the consumer and the insurer.

S 1015 is intended to address these issues and will help protect South Carolina consumers from these counterfeit airbags.

The Coalition strongly supports its passage and respectfully ask you to sign it into law.

Sincerely,



Howard Goldblatt
Director of Government Affairs