



## Coalition Against Insurance Fraud

1012 14th Street., NW, Suite 200  
Washington, D.C. 20005  
202.393.7330  
202.517.9139 fax  
[www.InsuranceFraud.org](http://www.InsuranceFraud.org)

### BOARD OF DIRECTORS

Allstate Insurance  
American Council on Consumer Interests  
American Family Insurance  
American Insurance Association  
CNA  
Center for Consumer Affairs  
— University of Wisconsin-Milwaukee  
Citizen Advocacy Center  
Consumer Action  
Consumer Alliance  
Consumer Federation of America  
Consumer Federation of the Southeast  
Erie Insurance  
Farmers Insurance Group  
Florida Consumer Action Network  
Geico  
Hanover Insurance Group  
Hartford Insurance Group  
International Association of Insurance Fraud Agencies  
International Association of Lemon Law Administrators  
John Hancock Financial Services  
Liberty Mutual Group  
Louisiana State Police  
MassMutual  
MetLife, Auto & Home  
National Assn of Consumer Agency Administrators  
National Association of Insurance Commissioners  
National Conference of Insurance Legislators  
National Consumers League  
National Criminal Justice Association  
National District Attorneys Association  
National Fraud Information Center  
National Insurance Crime Bureau  
National Urban League  
Nationwide Insurance  
Office of Attorney General, Pennsylvania  
Office of District Attorney, San Diego  
OneBeacon Insurance  
Pennsylvania Insurance Fraud Prevention Authority  
Progressive Insurance  
Prudential Insurance  
Sentry Insurance  
State Farm Insurance Companies  
Travelers Insurance  
Zurich North America

\* \* \* \* \*

**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,

A handwritten signature in black ink, appearing to read "Howard Goldblatt", with a stylized flourish at the end.

Howard Goldblatt  
Director of Government Affairs