



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.*

September 23, 2016

Chairman Stewart Greenleaf
Senate Judiciary Committee
Senate Box 203012
Harrisburg, PA 17120-3012

Dear Senator Greenleaf:

I am writing on behalf of the Coalition Against Insurance Fraud in support of HB 1476. This bill targets the use of counterfeit airbags in automobile repairs. The House unanimously approved the bill, and it now is before your committee for consideration.

The Coalition Against Insurance Fraud is a national broad-based alliance of consumer groups, insurers and government organizations. We combat 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 that target fraud against America's insurance system and consumers.

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

Airbags protect us from serious injuries or worse. We rightfully expect they will protect us during crashes. The use of counterfeit or non-functional airbags jeopardizes that expectation.

A disturbing trend of marketing and installing non-functioning counterfeit airbags must be addressed.

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Thirteen states have enacted versions of this bill in recent years. HB 1476 will add similar life-saving protections for Pennsylvania consumers.

The Coalition supports this legislation for two main reasons:

Consumer Protection. Consumers believe that when an airbag is replaced in their vehicle, it is a legitimate manufacturer's airbag. We all assume the airbag will work as it is supposed to – protect us in a crash from serious injury or death. Counterfeit airbags do not open properly in crashes, and give us none of that protection.

Insurance Fraud. Counterfeit airbags are marketed to auto-repair shops through the “black market,” and websites like eBay and Craigslist. They're often touted as manufacturer's replacement airbags. However, they cost just a small fraction of what a legitimate replacement airbag costs a repair shop to purchase. Shady repair shops knowingly buy these phony airbags. Yet they charge auto insurers the full cost of a manufacturer's replacement. Insurers pay the airbag claim, which usually is more than \$1,000 per airbag. The ethically-challenged repair shop obviously pockets an illicit profit. The shop thus commits insurance fraud against the consumer and insurer, helping keep auto premiums higher for honest drivers in Pennsylvania.

HB 1476 will help protect Pennsylvania consumers from counterfeit airbags and the serious public-safety problems they pose.

The Coalition strongly supports passage. We respectfully ask the Judiciary Committee to pass this important legislation.

Sincerely,

A handwritten signature in blue ink, reading "Howard Goldblatt". The signature is written in a cursive, flowing style.

Howard Goldblatt
Director of Government Affairs