

SENATE BILL NO. 86

INTRODUCED BY R. HOLDEN

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A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING AN INSURER FROM AUTHORIZING OR REQUIRING THE USE OF NONORIGINAL CRASH REPAIR PARTS FOR MOTOR VEHICLE REPAIR WITHOUT WRITTEN CONSENT FROM THE INSURED OR CLAIMANT; ALLOWING A WAIVER FOR THE USE OF NONCERTIFIED PARTS; PROVIDING A PENALTY FOR VIOLATION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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NEW SECTION. Section 1. Purpose and definitions. (1) The purpose of [sections 1 through 4] is to protect the consumer by prohibiting an insurer from authorizing the use of nonoriginal crash repair parts on certain vehicles without the written consent of the insured or claimant.

(2) As used in [sections 1 through 4], the following definitions apply:

(a) "Insurer" includes any person authorized to represent an insurer with respect to a claim.

(b) "Nonoriginal crash repair part" means a part for an automotive vehicle made or remanufactured by a company other than the original manufacturer or a licensed affiliate and is limited to only the following: metal, fiberglass, or plastic motor vehicle crash repair parts; hood; fender; radiator support; cowl panel; doors; roof; rocker panel; quarter panel; and trunk lid.

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NEW SECTION. Section 2. Prohibition of unauthorized act by insurers -- written consent requirement -- waiver for noncertified parts. (1) An insurer may not authorize or require the use of a nonoriginal crash repair part on a motor vehicle that is 5 years old or newer without first obtaining the written consent of the insured or other claimant, verifiable by the insured's or other claimant's signature on the repair estimate, appraisal, or work order.

(2) An insurer or automobile body repair facility shall notify the customer anytime that a nonoriginal crash repair part is to be installed.

(3) Unless the insured or claimant consents in writing to the use of a nonoriginal crash repair part that is not certified, a nonoriginal crash repair part must be certified by the United States department of

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1 transportation, the certified auto parts association, or another certification organization that is recognized
2 by the commissioner.

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4 NEW SECTION. **Section 3. Fraud.** (1) It is considered insurance fraud under Title 33, chapter 1,
5 part 13, if an automobile body repair facility or a part person places a nonoriginal crash repair part on a
6 vehicle and submits an invoice for an original equipment part.

7 (2) An insurer, insurance producer, or other person who has reason to believe that fraud has
8 occurred under this section shall comply with the reporting requirements of 33-1-1303.

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10 NEW SECTION. **Section 4. Penalty for violation.** A violation of [section 2] is punishable pursuant
11 to the provisions of 33-1-311 through 33-1-318.

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13 NEW SECTION. **Section 5. Codification instruction.** [Sections 1 through 4] are intended to be
14 codified as an integral part of Title 33, chapter 18, and the provisions of Title 33, chapter 18, apply to
15 [sections 1 through 4].

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17 NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

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