

DEPARTMENT OF INSURANCE**Legal Division**

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**NOTICE**

TO: All Admitted Insurers and Other Interested Parties

DATE: April 30, 2010

SUBJECT: Important – Requirements of CCR §2695.8(g), Use of Non-Original Equipment Manufacturer Replacement Crash Parts – Please Read

California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5, Article 1, Fair Claims Settlement Practices Regulations, Section 2695.8(g) reads:

g) No insurer shall require the use of non-original equipment manufacture replacement crash parts in the repair of an automobile unless:

(1) the parts are at least equal to the original equipment manufacturer parts in terms of kind, quality, safety, fit, and performance;

(2) insurers specifying the use of non-original equipment manufacturer replacement crash parts shall pay the cost of any modifications to the parts which may become necessary to effect the repair; and,

(3) insurers specifying the use of non-original equipment manufacture replacement crash parts warrant that such parts are of like kind, quality, safety, fit, and performance as original equipment manufacturer replacement crash parts; and,

(4) all original and non-original manufacture replacement crash parts, manufactured after the effective date of this subchapter, when supplied by repair shops shall carry sufficient permanent, non-removable identification so as to identify the manufacturer. Such identification shall be accessible to the greatest extent possible after installation; and,

(5) the use of non-original equipment manufacturer replacement crash parts is disclosed in accordance with section 9875 of the California Business and Professions Code.

Requirement for Permanent, Non-Removable Identification.

Insurers are reminded that CCR Section 2695.8(g)(4) requires that “all original and non-original manufacture replacement crash parts, manufactured after the effective date of this subchapter, when supplied by repair shops shall carry sufficient permanent, non-removable identification so

as to identify the manufacturer.” An admitted insurer shall not require that a repair shop install non-original manufacture replacement crash parts, or limit payment to the cost of a non-original manufacture replacement crash part, unless those parts comply with section 2695.8(g)(4) and carry sufficient permanent, non-removable identification so as to identify the manufacturer. An admitted insurer shall not limit payment to the cost of a non-original manufacture replacement crash part for any part that does not carry sufficient permanent, non-removable identification so as to identify the manufacturer.

Use of Non-Original Equipment Manufacture Replacement Crash Parts.

Insurers are also reminded that CCR Section 2695.8(g)(1) provides that no insurer shall require the use of non-original equipment manufacture replacement crash parts in the repair of an automobile unless “the parts *are* at least equal to the original equipment manufacturer parts in terms of kind, quality, safety, fit, and performance” (emphasis added). CCR Section 2695.8(g)(3) requires that “insurers specifying the use of non-original equipment manufacture replacement crash parts warrant that such parts are of like kind, quality, safety, fit, and performance as original equipment manufacturer replacement crash parts.” The required use, or payment of the cost, of a non-original equipment manufacturer replacement crash part that is not equal in terms of like kind, quality, safety, fit, and performance as compared to the original equipment manufacturer replacement part may subject the insurer to further action by this Department.

It has come to the Department’s attention that certain aftermarket bumper reinforcement bars may be significantly different in terms of like kind, quality, safety, fit, and performance as compared to the original equipment manufacturer replacement part. All insurers doing business in California are reminded of the above noted standards for the use of non-original equipment manufacturer (aftermarket) replacement crash parts.

Any questions should be directed to Teresa Campbell, Senior Staff Counsel, at (415) 538-4126 or campbellt@insurance.ca.gov .