

THIS WRECK IS A TOTAL... LOSS FOR YOUR BUSINESS.



FOR MANY YEARS, a healthy aftermarket and the presence of low-cost, quality alternative crash parts have helped to keep your business running. But since 2005, when Ford Global Technologies made its first attempt to gain a monopoly by enforcing 14-year design patents on seven crash parts for its 2004-2007 F-150 — which severely eliminated consumers' right to choose more cost-effective parts when repairing their vehicles — car companies have ratcheted up efforts to corner the market on replacement parts. This practice threatens to curb competition in the marketplace, reduce availability of parts and drive up prices, forcing your customers to delay or even forgo repairs.

The Quality Parts Coalition urges you to say “NO!” to the car company replacement crash parts monopoly and higher costs. Support the Quality Parts Coalition’s efforts to preserve competition and keep your business running. Visit www.qualitypartscoalition.com for more information.



Quality Parts Coalition®

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A loss of competition in the crash parts market will “total” your business in three ways:

- 1. Diminished availability of parts:** With car companies and dealerships shuttering their operations and reorganizing amid this economic downturn, you may already see a decrease in parts availability and a delay in the time needed to obtain parts. Thanks to the availability of aftermarket crash parts, however, for your customers, there may be limited interruption in the supply chain or your bottom line. The availability of quality alternative parts is now more important than ever.
- 2. More totaled vehicles:** Higher prices will force insurance companies to declare more damaged vehicles as “total wrecks.” That is also your loss. Fewer repair jobs mean less work for you. More expensive crash parts benefit car companies — not your repair shop.
- 3. Cycle time impacted:** As car companies and dealerships face severe financial difficulties, there is a very real potential that the supply of collision repair parts could be diminished. The automotive alternative parts industry provides a viable cost-effective solution to this current economic condition by offering the continued availability of high-quality, low-cost replacement collision parts.

The bottom line? It's *your* bottom line at stake.

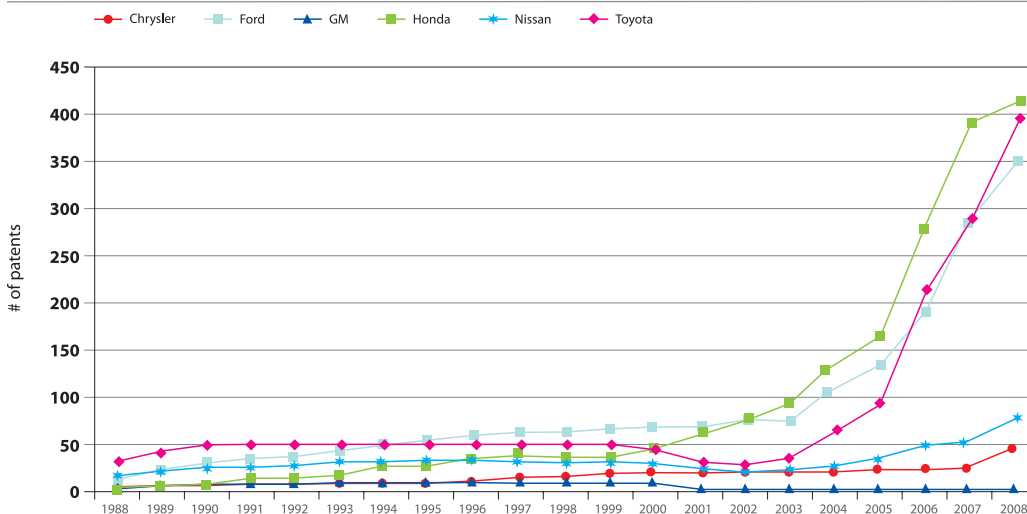
Car Companies Strive for Monopoly – Seek to Maximize Profits at Expense of Consumers and Your Business

Today, the ability to choose quality alternative crash parts saves consumers approximately \$1.5 billion a year. In the current economic environment, the savings provided to consumers through the availability of quality replacement parts is critical. But due to a recent court settlement between Ford and an aftermarket competitor, collision repair shops have limited options to replace many replacement crash parts for their customers' 2004-2007 Ford F-150s and 2005 Mustangs. This settlement, which ended legal action on the F-150 and Mustang, is merely a temporary solution.

As the graph below illustrates, the number of design patents granted to the major car companies on alternative crash parts has increased dramatically since the 1990s, **more than doubling since 2005**. Crash parts now account for anywhere from 50 to 93 percent of the U.S. design patents awarded to major car companies.

Crash Part Design Patents Granted — A New and Disturbing Trend

Cumulative Number of Crash Part Design Patents Owned by Major Car Companies



Note 1: The term "crash parts" includes bezels, bumper covers, deck lids, door shells, fenders, fascias, front/rear grilles, header panels, head lamps, high-mounted brake lights, hoods, pickup beds, pickup box sides, quarter panels, radiator supports, side markers, side mouldings, tailgates, tail lamps, and wheel houses as defined by the Certified Automotive Parts Association at <http://www.capacertified.org/whatparts.asp>.

Note 2: Figures shown are cumulative.

Without competition to preserve access to lower-priced, quality alternative parts, car companies will raise the cost of these replacement crash parts, which may cause insurers to increase consumer policy rates by more than \$3 billion and declare more damaged vehicles as "total wrecks."¹ Additionally, you may feel the squeeze of a reduced parts supply. This means less work for you.

Six reasons competition benefits you and your customers:

1. As dealerships and distribution centers close, your supply channels will diminish. Quality alternatives can provide you with the continuity you need to keep your customers satisfied and your business up and running.
2. Increased costs for crash parts will also lead insurance companies to declare more damaged vehicles as "total wrecks."
3. Without the option for quality alternative replacement crash parts, consumers may believe that the only suitable place to repair their cars is the dealership.
4. Quality alternative replacement crash parts often have warranties that exceed those offered by the car companies.
5. Roughly 13 percent of consumers pay collision repair costs out-of-pocket. With increased parts prices, customers may forgo repairing their vehicle, causing you to lose business.
6. The ability to choose alternative parts saves consumers nearly \$1.5 billion a year.

Given the uncertainty of these economic times, you and your customers need the benefits associated with the availability of alternative parts.

Support the Quality Parts Coalition's efforts to keep your business running. Help create a limited design patent exception for collision repair parts — urge your U.S. Senators and U.S. Representative to support an automotive "repair clause" to preserve competition and consumer choice.

1. "Analysis of the Impact of Banning Aftermarket Parts," Property Casualty Insurers Association of America, Jan. 19, 2009.

