



Automotive Service Association®

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You keep them going. We keep you going.

Dear:

The Automotive Service Association (ASA) is the largest and oldest national trade association in the United States comprised of independent collision and mechanical automotive repair professionals. ASA has members in all 50 states.

We are writing you today based on an issue of concern to our collision repair members. State Farm Insurance Company (State Farm), the largest automobile property and casualty insurance company in the U.S., has begun a nationwide rollout of a significant change to their direct repair program (Select Service). The rollout will reportedly be completed by the end of 2014. State Farm is mandating that shops participating in their Select Service program must utilize PartsTrader LLC's software to electronically order their parts. PartsTrader LLC is a third party e-commerce software provider. Although collision repairers aren't required to pay for PartsTrader today, there is a significant cost to the shops. Parts represent approximately 40 percent of the sales dollars on an average collision repair job. Shops will no longer be able to choose the vendors with whom they elect to do business. They will be required to only use those vendors that subscribe and utilize PartsTrader.

Many of our collision shop members are participants in State Farm's Select Service direct repair program. Because State Farm represents over 18 percent of the marketplace, the State Farm PartsTrader program mandate impacts a significant percentage of the automobile property and casualty marketplace. State Farm is nearly double in size in comparison to the second largest property and casualty insurance company.

We believe this mandatory, parts procurement program stifles competition and harms both the consumer and the small businessperson. State Farm's mandate could potentially impact the following:

- Limit a repairer's right to choose the parts vendors from whom they purchase parts;
- Limit a repairer's right to choose an electronic parts ordering vendor;
- Increase the number of days to repair the customers vehicle;

- Increase the indirect costs to the consumer;
- Increase the repair facility's administrative time;
- Negatively impact the repair facility's profitability ;
- Reduce local automotive parts sales, negatively impacting local economies;

Collision repairers are reluctant to publicly speak out against State Farm or contact you. In the past, such actions could result in being removed from an insurance carrier's direct repair program. We request that you ask your staff to review State Farm's mandate to use PartsTrader LLC's parts procurement program and determine if it violates state law.

ASA is available to assist your staff with questions regarding the impact of the State Farm PartsTrader LLC parts procurement program on collision repairers and consumers.

We appreciate your consideration of this matter.

Sincerely,



Dan Risley
Executive Director