

TO: Senate Transportation Committee Subcommittee
RE: SSB 3154 - Motor Vehicle Insurance Claim Settlement Standards
FROM: Donovan Ringo, Director of State Affairs & Grassroots Programs, Auto Care Association
DATE: February 17, 2026

POSITION: OPPOSE UNLESS AMENDED

The Auto Care Association respectfully submits the following technical concerns regarding SSB 3154 and recommends three amendments to address unintended consequences for Iowa consumers, small businesses, and the automotive aftermarket industry.

ABOUT THE AUTO CARE ASSOCIATION

The Auto Care Association represents over 150,000 member businesses nationwide, including manufacturers, distributors, parts retailers, and repair facilities. In Iowa, the automotive aftermarket industry:

- Employs **32,729 workers** earning **\$2.3 billion in wages**
- Generates **\$8 billion in economic activity**
- Operates **49 manufacturing facilities, 3,386 wholesale distributors, 1,530 retail stores, and 2,878 repair facilities**

Aftermarket crash parts meet the same federal safety standards (FMVSS) as original equipment manufacturer (OEM) parts while providing consumer choice and competitive pricing.

SUMMARY OF CONCERNS

While we support consumer protection in insurance claim settlements, three provisions in SSB 3154 will harm Iowa consumers, increase insurance costs, and threaten the state's automotive aftermarket industry:

1. **Unlimited legal liability** for insurers and repair facilities (Section 2.2.c)
2. **Geographic distribution restrictions** that limit supply chain access (Section 2.1)
3. **Ambiguous cost exposure** for modification requirements (Section 2.1)

CONCERN #1: UNLIMITED LEGAL LIABILITY (Section 2.2.c)

Problematic Language:

Section 2.2.c requires liability insurers to "defend and indemnify the owner of the motor vehicle and the repair facility against any claims related to repairs made using aftermarket crash parts or parts salvaged from the crashed vehicle."

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Issues:

- **No definition** of "claims related to repairs"
- **No cap** on defense costs or indemnification amounts
- **No time limitation** on liability exposure
- **Unprecedented legal standard** not found in other state insurance laws

Impact:

Insurers will avoid aftermarket parts entirely rather than assume unlimited, open-ended legal liability. This forces higher claim payouts using OEM parts, which will be passed to Iowa policyholders as premium increases.

Who benefits: Out-of-state automakers through mandated OEM parts

Who pays: Iowa consumers through higher insurance premiums

Recommended Amendment:

Strike Section 2.2.c entirely. Replace with:

"The insurer shall warrant that aftermarket crash parts meet or exceed the quality, fit, and performance standards of original equipment manufacturer parts as required by applicable federal motor vehicle safety standards."

This protects consumers without creating unlimited liability exposure.

CONCERN #2: GEOGRAPHIC DISTRIBUTION RESTRICTION (Section 2.1)**Problematic Language:**

Section 2.1 requires property insurers to estimate repairs "based only on the cost of aftermarket crash parts available from a distributor of each such part that is located within one hundred miles of the repair facility."

Issues:

- **Artificially restricts supply chains** regardless of part availability or pricing
- **Reduces competition** among distributors, potentially raising costs
- **Creates access problems in rural Iowa** where distributor options are limited
- **Increases repair delays** when local distributors lack inventory

Impact:

Rural repair facilities in Iowa may have zero qualifying distributors within 100 miles for certain parts. This creates:

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- Longer vehicle downtime for consumers
- Higher parts costs due to limited competition
- Reduced negotiating leverage for small repair shops

The 100-mile restriction provides no safety benefit—it simply limits market access.

Recommended Amendment:

Replace "within one hundred miles" with:

"from a reasonably available distributor"

This achieves consumer protection without creating artificial geographic barriers that harm rural Iowans.

CONCERN #3: AMBIGUOUS COST LIABILITY (Section 2.1)

Problematic Language:

Section 2.1 requires insurers to "pay the cost of any modifications which may become necessary when repairs are made using aftermarket crash parts or parts salvaged from the crashed vehicle."

Issues:

- **"Modifications" is undefined** in the bill
- **No cap on costs** or limitation on scope
- **No standard** for what constitutes "necessary"
- **Opens door to cost disputes** and claim processing delays

Impact:

Unclear financial exposure for insurers creates uncertainty in claim settlements, potentially delaying payments to consumers and repair facilities.

Recommended Amendment:

Add definition to Section 2.3:

"Modifications' means documented costs for fitting and installation of aftermarket crash parts, excluding consequential damages or costs unrelated to part installation."

This provides clarity while protecting consumers from hidden modification costs.

ECONOMIC IMPACT ON IOWA

SSB 3154, as currently written, will:

- **Increase insurance premiums** for Iowa policyholders through higher claim costs
- **Reduce market access** for Iowa's 3,386 wholesale distributors
- **Threaten jobs** among 32,729 auto care industry workers
- **Shift economic value** from Iowa businesses to out-of-state OEM manufacturers
- **Limit consumer choice** in vehicle repairs

The automotive aftermarket provides competitive pricing and quality parts while supporting thousands of Iowa families. This bill creates market distortions that benefit large manufacturers at the expense of Iowa's economy.

RECOMMENDATION

The Auto Care Association respectfully requests the subcommittee **adopt all three amendments** to:

1. Replace unlimited liability language with warranty standards (Section 2.2.c)
2. Remove geographic distribution restrictions (Section 2.1)
3. Define "modifications" to provide cost clarity (Section 2.1)

These amendments achieve the bill's consumer protection goals without:

- Creating unprecedented legal liability
- Restricting supply chains
- Raising costs for Iowa families and businesses
- Threatening Iowa's \$8 billion auto care industry

The Auto Care Association is available to provide technical assistance on amendment language and stands ready to work with the committee to develop consumer protections that do not harm Iowa's economy.