



Automotive Service Association
of Ohio, Inc.

6947 Kemper Rd.
Cincinnati, OH 45249

October 21, 2013

Ohio Attorney General Mike DeWine
30 E. Broad Street, 14th Floor
Columbus, OH 43215

Dear Attorney General DeWine,

The Automotive Service Association of Ohio (ASA Ohio) is the state's largest trade association for Ohio's independent collision and mechanical automotive repair professionals. As a voice for many of those in Ohio's automotive repair industry, we wanted to bring to your attention an issue that could drastically impact Ohio's automotive repair industry.

State Farm Insurance Company (State Farm) recently announced a nationwide rollout of a new policy, which would require repair shops participating in their Select Service program (direct repair program) to electronically order parts through PartsTrader LLC, a third party e-commerce software provider. State Farm's decision to mandate parts ordering through this on-line platform has generated turmoil throughout Ohio's automotive service industry, as many automotive repair professionals fear that such a requirement will disrupt their current system of ordering parts. State Farm's new mandate would force repair shops to use only those part vendors that pay for, and subscribe to, PartsTrader LLC, which has the potential to destroy longstanding relationships that have been developed between automotive repair professionals and their local parts vendors.

Furthermore, the added influence that such a mandate would give insurance companies over collision repair market pricing would result in repairers losing both profit and control of their businesses. Shop owners also fear that State Farm's new policy could spread to other parts of the automotive repair industry, giving insurers even more influence in the repair process and will further limit competition.



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Included is a letter ASA Ohio sent to State Farm CEO Ed Rust Jr. where we explain that disturbing the parts ordering processes through a mandatory bidding platform will increase cycle times, drive down profit margins, and negatively impact consumers who have entrusted automotive repair professionals, not insurance companies, to repair their vehicles. In that same letter, ASA Ohio suggests that State Farm should offer the on-line ordering system to its Select Service network and allow repair shops to voluntarily participate. Should ordering parts through an on-line platform improve production and customer service, then surely automotive repair professionals would voluntarily embrace the program.

Earlier this month you should have received a letter from Dan Risley, executive director of our national association. In his letter, Mr. Risley detailed many of the concerns that automotive repair professionals throughout America have with State Farm's mandate. ASA Ohio shares the concerns outlined in Mr. Risley's letter and would also request that your office review State Farm's mandate to use PartsTrader LLC's parts procurement program and determine if it violates any state law.

ASA Ohio firmly believes that the most efficient method of ordering parts is in a free market system where repair professionals are able to source parts from trusted suppliers. The new mandate by State Farm disrupts this system, which will likely harm Ohio's automotive repair businesses as well their customers. Thank you for your consideration and for protecting Ohio's small businesses and more importantly the customers they serve. We encourage you to contact ASA Ohio should you have any questions regarding the impact that the State Farm PartsTrader LLC parts procurement program will have on Ohio's collision repair industry.

Respectfully,

A handwritten signature in blue ink, appearing to read "Joe Sanfillipo III".

Joe Sanfillipo III

President/Chairman

Automotive Services Association of Ohio

Enclosures (2): ASA National Letter

ASA Ohio Letter to State Farm CEO