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## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Rep. Johnson

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### SUMMARY

- Requires insurers offering motor vehicle insurance to offer to include original equipment manufacturer (OEM) replacement part coverage as a part of an automobile insurance policy.
- Makes failure to offer such coverage an unfair and deceptive act or practice in the business of insurance.
- Specifies the coverage requirement is not to be construed as requiring an automobile insurance policy to include OEM part repair coverage if a policy holder does not elect to include such coverage in their policy.
- Specifies the coverage requirement is not to be construed as prohibiting adjustment of the premium for an automobile insurance policy when a policy holder elects to include OEM part repair coverage with their policy.
- Requires insurers to allow covered consumers to choose OEM replacement parts for vehicle repairs, so long as the consumer agrees to pay the difference in cost.
- Requires written estimates of vehicle repairs provided by insurers, repair facilities or installers to include an indication as to whether OEM aftermarket replacement parts are readily available and whether their use would require repairs to be completed by another repair facility or installer.
- Requires such written estimates to also include a notice that the consumer has the right to choose OEM replacement parts, so long as the person agrees to pay the difference in price.

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## DETAILED ANALYSIS

### Overview

The bill amends the law in relation to the use of original equipment manufacturer replacement parts (OEM replacement parts) in the repair of motor vehicles covered by an automobile insurance policy. OEM replacement parts are any parts made by or for the manufacturer of a motor vehicle, as opposed to “nonoriginal equipment manufacturer aftermarket replacement parts” (non-OEM replacement parts), which are not made by or for the manufacturer. A “replacement part” means a motor vehicle part or component designed to replace a similar part or component as originally equipped by the manufacturer of a motor vehicle.<sup>1</sup>

An “automobile insurance policy” is an insurance policy covering a motor vehicle required to be registered in this state that:

- Provides automobile injury or property damage liability or related insurance;
- Insures any of the following:
  - Any one person;
  - A husband and wife living in the same household;
  - Singly either a husband or a wife who reside in the same household, but not both, if an endorsement on the policy excludes the other spouse from coverage and the excluded spouse signs the endorsement.
- Does not cover hazards related to a garage, automobile sales agency, repair shop, service station, or a public parking operation;
- Is not issued under an assigned risk plan issued to drivers unable to obtain insurance due to high risk.<sup>2</sup>

### Offer to include OEM part repair coverage

The bill requires every insurance company that delivers, issues, or renews an automobile insurance policy in Ohio that includes coverage for damages to, or the destruction of, the motor vehicle specifically identified in the policy, to clearly and conspicuously offer to the insured an option for the automobile insurance policy to include “OEM part repair coverage,” which is any coverage, whether part of an automobile insurance policy, or supplemental to an existing automobile insurance policy, for the cost of using OEM replacement parts in the repair of a vehicle covered under the policy. The coverage includes any added costs associated with the use of OEM replacement parts or when using OEM replacement parts or when using OEM replacement parts would require the repair to be completed by another repair facility (facility

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<sup>1</sup> R.C. 1345.81(A)(1), (2), and (6).

<sup>2</sup> R.C. 1345.81(A)(7); R.C. 3937.30, not in the bill.

that repairs, or replaces parts on, a motor vehicle) or installer (individual performing the motor vehicle repair or parts replacement).<sup>3</sup>

### **Unfair and deceptive practices in the business of insurance**

The bill makes failing to offer such coverage an unfair and deceptive act or practice in the business of insurance. If the Superintendent of Insurance, by written order, finds that any person is about to engage, is engaging, or has engaged in an unfair and deceptive act or practice because of that failure, the Superintendent may impose any or all of the following administrative remedies:

- Suspend or revoke the person's license to engage in the business of insurance;
- Order that an insurance company or insurance agency not employ the person or permit the person to serve as director, consultant, or in any other capacity for such time as the Superintendent determines would serve the public interest;
- Order the person to return any payments (including interest) received by the person as a result of the violation, or alternatively issue a cease and desist order;
- Order the person to pay (not exceeding \$100,000) to cover certain expert expenses incurred by the Superintendent related to investigations and hearings regarding the failure.

If the Superintendent finds that the failure was due to gross or willful misconduct, the Superintendent may order the person to reimburse any customer harmed, including reimbursement or payment of insurance claims for which a loss occurred as a result of a customer's reliance upon a policy summary containing any false, misleading, or deceptive representation or statement.<sup>4</sup>

If the superintendent has reasonable cause to believe that any of the above orders have been violated in whole or in part, the Superintendent may, unless stayed by a court of competent jurisdiction, request the Attorney General to commence and prosecute any appropriate action or proceeding in the name of the state against the person. The court may, in addition to any other penalties permitted under Ohio law governing the Superintendent's duties, impose any of the following penalties:

- For each act or practice found to be an unfair and deceptive act or practice, a civil penalty of not more than \$3,500 for each violation, capped at a total of \$35,000 over any six-month period;
- For each violation of a cease and desist order issued by the Superintendent, a civil penalty of not more than \$10,000;

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<sup>3</sup> R.C. 1345.81(A)(3) and (4), 3937.51, and 3937.52.

<sup>4</sup> R.C. 3937.54.

- Any or all of the penalties that the Superintendent is authorized to impose for the failure to offer an automobile insurance policy that includes OEM part repair coverage.<sup>5</sup>

### **Interpretation**

The bill specifies that the bill is not to be construed as requiring an automobile insurance policy to include OEM part repair coverage if a policy holder does not elect to include such coverage in the policy.<sup>6</sup> It also specifies that the bill is not to be construed as prohibiting the actuarially justified adjustment of a premium for an automobile insurance policy when a policy holder elects to include OEM part repair coverage with their automobile insurance policy.<sup>7</sup>

### **Consumer automobile repair protections**

The bill makes certain changes to the law relating to consumer protections in relation to automobile repairs.

#### **Use of OEM parts**

The bill requires insurers, when that insurer's automobile insurance policy does not cover the use of OEM replacement parts, to allow a consumer covered under the policy to complete the repair using such parts, so long as the consumer pays the difference between the cost of the OEM replacement parts and the maximum policy coverage for the same part sourced from a non-OEM aftermarket replacement part manufacturer.<sup>8</sup>

#### **Estimates re: non-OEM aftermarket replacement parts**

The bill replaces aftermarket crash parts with the new term "replacement parts" (defined above) with respect to written or oral estimates of repairs. "Aftermarket crash parts" under current law is defined as being a replacement for any nonmechanical sheet metal or plastic parts that generally constitute the exterior of a motor vehicle. "Replacement parts" applies to any part or component.<sup>9</sup> Under the bill, if the consumer requests a written estimate, the insurer, repair facility, or installer must clearly identify each non-OEM aftermarket replacement part to be used and provide a notice to the consumer regarding the parts and their warranties. Additionally, the bill requires that the written estimate also contain an indication as to whether OEM aftermarket replacement parts are readily available and, if they are, whether using OEM aftermarket repair parts would require the repair to be completed by another repair facility or installer.<sup>10</sup> A written

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<sup>5</sup> R.C. 3901.22(D) to (F), not in the bill.

<sup>6</sup> R.C. 3937.53(A).

<sup>7</sup> R.C. 3937.53(B).

<sup>8</sup> R.C. 1345.81(E).

<sup>9</sup> R.C. 1345.81(A)(1).

<sup>10</sup> The term "OEM aftermarket replacement parts" is not defined by the bill. The reference to these parts being readily available or their use requiring repair completion by another facility or installer appears to be an error. "OEM replacement parts" is probably intended, with the term defined by the bill. A corrective amendment may be necessary to address this.

estimate must also contain a notice that the consumer requesting the repair has the right to choose OEM replacement parts, even if those parts are not fully covered by the consumer's automobile insurance policy, so long as the consumer agrees to pay the difference between the cost of the OEM replacement parts and the maximum policy coverage for the same part sourced from a non-OEM aftermarket replacement parts manufacturer.<sup>11</sup>

## Violations

The bill amends the law governing violations of these requirements. Under current law, a violation of the current law requirements related to aftermarket crash parts and estimates, by either an insurer, a repair facility, or an installer, is an unfair and deceptive act or practice under the Consumer Sales Practice Act (CSPA). If a person is found to have committed an unfair and deceptive practice under the CSPA, the Attorney General is authorized to sue the person and a court may impose a civil penalty of up to \$25,000.<sup>12</sup> Additionally, consumers are also authorized to sue persons who commit unfair and deceptive practices and may recover up to three times the consumer's actual economic damages, plus up to \$5,000 in noneconomic damages.<sup>13</sup>

The bill specifies that insurers who violate the bill's requirements related to consumer protections for repairs and replacement parts are no longer subject to the CSPA, but rather are committing an unfair and deceptive practice in the business of insurance (see "**Unfair and deceptive practices in the business of insurance**" above for a list of potential penalties).<sup>14</sup>

## Title

The bill is entitled the "Auto Insurance Transparency Act."<sup>15</sup>

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## HISTORY

Action	Date
Introduced	12-23-25

ANHB0636IN-136/sb

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<sup>11</sup> R.C. 1345.81(B).

<sup>12</sup> R.C. 1345.07(D), not in the bill.

<sup>13</sup> R.C. 1345.09(B), not in the bill.

<sup>14</sup> R.C. 1345.81(F).

<sup>15</sup> Section 3.