

AIR BAGS: Their Fate is Still Questionable

Collision industry discusses the use of non-deployed air bag modules.

By John Yoswick

Herb Lieberman doesn't see any real winners when non-deployed air bags removed from vehicles by auto recyclers are not reused in other collision repair damaged vehicles. After all, the executive with LKQ Corp. says, the high cost of new replacement air bags only results in more vehicles being declared total losses.

"Those of us in the room lose the opportunity of repairing [totaled vehicles] and selling parts for them," Lieberman told collision repairers, automakers, recyclers, and insurers gathered at the Collision Industry Conference (CIC) this spring in Charlotte, NC. "The OEMs stand the greatest lost opportunity. The alternative parts suppliers supply approximately 28 [percent of] replacement parts. We lose a 28 percent opportunity when a vehicle totals; the OEMs lose a 72 percent opportunity."

Lieberman's comments came during one of the latest discussions in the decade-old debate over the appropriate use of non-deployed air bags. The issue seems to be rising closer to the top of the agenda among those involved. Indications of this include:

- About a dozen states are considering or have recently looked at legislation regarding the use of non-deployed air bags. The legislation varies from outright bans on the use of such bags, to mandatory disclosure laws when they have been installed. Others require that only air bags "certified" for reuse be installed.

- A number of organizations within the industry are gearing up to launch or expand air bag testing and certification programs.

At the CIC meeting in Charlotte, not one but two CIC committees focused their time at the meeting for discussion of the issue – after an absence of the topic on the CIC agenda for about two years.

Same questions, but different answers?

During the discussion at CIC, it became clear that a lot of the questions surrounding use of non-deployed air bags haven't changed over the years. In some cases, however, the answers have.

For example, even the terms used to describe the modules have evolved. Two years ago, the preferred term seemed to be "non-deployed air bag." Now "NBD air bag" (with the acronym standing for "Never Been Deployed") is being used.

Another key question: Are air bags leading to an increasing percentage of vehicles being totaled – and would reuse of non-deployed air bags help reverse this trend?

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The experts all agree that non-deployed air bags must be carefully studied. Some panelists who voiced varying perspectives were, from left to right, ARA's Executive Vice President George Eliades; LKQ Corp's Herb Lieberman; Keith Manich of Entela; the Michigan-based testing lab used to certify non-OEM parts; former insurance company executive turned industry consultant Rod Enlow; and Ford Motor Company's Steve Nantau.

No one disputes that more cars are being totaled. Keith Manich of Entela, the Michigan-based testing lab used to certify non-OEM parts, said two-year-old numbers he has show that 20 percent of all totals are impacted by the high price of new air bag components – prices that would likely drop if there were a lower-cost alternative.

Former insurance company executive turned industry consultant, Rod Enlow also argues that the cost to auto recyclers to dispose of non-deployed bags they can't sell end up reflected in higher prices for other recyclable parts – further adding to the growing percentage of vehicles being totaled.

Lieberman pointed out that as more and more vehicles have more than two air bags, the percentage of vehicles declared total losses because of air bags is going to grow even more.

Not surprisingly, automakers dismiss such arguments. Karl Krug of Toyota, for example, said if a car is wrecked to the point of triggering more than a couple of its air bags, the damage is likely to total the vehicle even without the cost of air bags factored in. He said a CIC committee will be looking into the issue of rising total losses this year and predicts it will find there's a lot more than the cost of air bags involved.

Similarly, Brian Rogos of Daimler Chrysler said his company's dealership body shops have also been grouching about the increasing rate of totals.

"We took 1,000 estimates from our dealer body shops and put them through a test, taking the air bag price to zero, which not even a recycler can do, and we only saved 10 vehicles out of 1,000," Rogos said.

He said the lower cash values for used cars is more likely a factor in the increasing percentage of totals.

Perhaps more interesting is the question of whether reuse of non-deployed air bags would really combat

rising total loss rates. Some shop owners at CIC had their doubts. Craig Griffin of Laney's Collision Centre in El Dorado, AR, argued that by the time the costs of certification are added to the module, there may not be a big difference in cost between new and used, preventing non-deployed bags from saving too many vehicles. Massachusetts collision repair shop owner

Chuck Sulkala said he thinks that use of non-deployed air bags will raise the value and price of salvage, which could also lead to the totaling of more vehicles.

Of course, one of the key issues surrounding use of non-deployed air bags is whether U.S. insurers will endorse the practice. Several Canadian insurers have been selling air bag modules from their salvage vehicles; one such insurer has been doing so since 1996.

"What we are trying to do is repair as many vehicles as possible," a representative of Saskatchewan Government Insurance (SGI) said back in 1999. "The more total losses we have, our costs go up. The more vehicles we repair the happier our customers are and certainly the happier the repair industry is. It's a win-win situation."

Certainly, SGI's track record and that of other Canadian insurers bodes well for those who believe non-deployed air bags are a viable alternative.

But Enlow said that unlike Canadian insurers, U.S. insurers don't control the salvage vehicle from the time it leaves the shop until the air bag module is removed and resold. Canadian government insurers also control the vast majority of the market in their province, and have little in the way of competition from other insurers, unlike their U.S. counterparts.

"Having 35 years of insurance background, I can tell you exactly why [U.S. insurers haven't pushed for use of non-deployed air bags]," Enlow said. "The issue is: product liability. Insurers have to believe, in absence

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of facts, what the OEMs tell them. Insurers are very risk averse. We call ourselves risk-managers. Actually, we're risk-avoiders. But this is a manageable risk."

Manageable, Enlow and others say, because tests and processes have been established to ensure that a non-deployed air bag is reliable.

"Fact: All the laboratory measurements necessary to determine if an [non-deployed] air bag can be comparatively measured against a new OEM service part have been validated," Enlow said. "Fact: The test to validate that the part has remained dry and un submerged have been identified, developed and tested. Fact: An accredited laboratory will oversee the training, testing, handling processes, and procedures relative to the [non-deployed] air bag process.

"Handling, shipping and storage requirements are detailed [as part of the certification]," Enlow said. "A part must follow a specific sequence of events in order for the database to allow it to move through the process. The data is collected in a secure database that requires specific questions to be asked and answered prior to a sale being made."

OEMs cast doubts

Automakers, however, continue to cast doubt in the minds of insurers and collision repairers by insisting that only new replacement air bag modules be used.

"A body shop that chooses to use [non-deployed] air bags and subsequently through analysis of the [black box] data finds out that one didn't perform as intended would be liable for probably a lot more than what was saved by using them," Ford Motor Company's Steve Nantau said.

He said his company has concluded that, adequate testing isn't available to detect water damage, which, if acidic, can damage the bag over time or deposit foreign material in the assem-

bly and cause electrical shorts in the circuitry. Improper handling of the bag can stress the wires in ways that might only show up over time, he said. If the module is dropped, the pellets used for propellant could be damaged affecting deployment. And even minor damage or seemingly cosmetic repairs on the air bag cover can affect deployment.

"Our engineers and technical specialists investigating this determined that there is not a test that can verify the acceptability [of the module]," Nantau said. "The only way to do it is completely disassembling the unit, checking every component and ... putting it all back together. The cost to do that would exceed the cost of building a brand new air bag."

Enlow and other proponents disagree.

"If there is a problem using the [non-deployed] air bags, why haven't the statistics associated with any type of research been made public?" Enlow asks. "Where are the facts, measurements, validation, and reporting that will prove that? There have been no credible reports that support the assertion that they can't be used."

At CIC in Charlotte, ARA Executive Vice President George Eliades accused automakers of only trying to protect their sales of replacement air bag modules. And LKQ's Lieberman said the automakers are being short-sighted by not recognizing the parts sales they lose when vehicles are totaled. He said automakers, recyclers, and repairers could benefit by working together on the issue to keep air bags from totaling vehicles.

"If it's only going to be new bags used, then let's make them affordable so that [the OEMs] can still sell the 72 percent of the parts, and I can sell the 28 percent of the parts, and the repairers can still fix the cars," Lieberman said. ♦

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