

March 18, 1997

MEMO TO: Tom L'Hote

FROM: *WFH* Bill Hardt

SUBJECT: *CAPA Membership Credit Proposal*

MAR 18 1997  
FRANCOIS SW

Jack's proposal is simply another approach to encourage the insurance companies to enforce the use of CAPA certified parts, and to audit the autobody industry.

We explored a similar thought process, short the credit, about four years ago. In order for us to appropriately police the actual use of CAPA parts, it would entail a substantial investment in time and personnel. This is even more complicated today with our move toward the total automated environment such as we utilize in Service First. Everything is electronic, and Jack's proposal would require some method of actually receiving a CAPA sticker before we would receive the credit.

My opinion is that such a proposal would cost us significantly more to pursue than the 75 cents credit. I think it would also be an irritant to the autobody industry, much like the proposal a couple of years ago of USAA actually purchasing and delivering certified parts to the body shops. The cost versus benefit would not be positive.

Another issue we must consider is our class action settlement and the funds we owe CAPA each year. I doubt the courts would allow us to deduct the 75 cents off of what we owe CAPA through the settlement.

I also question how we can continue to fund CAPA when Jack is suggesting he refund the cost of the stickers if we can prove they have been used. The funding of CAPA has to come from some place, and if we remove some or a large portion of the support from the stickers, I think it will have to come from some place else.

WFH:YE

Attachment