

3/25/97

Jack Gillis  
Certified Automotive Parts Association  
1518 K Street, NW Suite 306  
Washington, DC 20005

Dear Jack:

This will acknowledge your memo of March 13, 1997.

As you are aware, we are interested in increasing actual use of CAPA certified parts and are open to suggestions to that end.

On the surface, the proposal to receive credit for each CAPA seal actually used would appear to be a way to accomplish our goal. However, in reality at least two issues interfere with the plan.

State Farm is moving toward a paperless claim environment and while not countrywide at this time, the plan is already well into the implementation phase.

This creates an impediment to the documentation process in that we will not receive a paper invoice at the end of the repair transaction. In fact, under our present system, a paper invoice does not often find its way into a claim file.

Some years ago, we considered using our field personnel to verify the shop's use of CAPA certified parts. The thinking was that we could police shop compliance with our program and help with CAPA's overall goal of increased parts usage.

The plan was not pursued because of significant staffing issues which simply could not be overcome.

With our present claim reorganization activities and the many demands placed on our field claim employees, an inspection/verification plan remains unfeasible.

While a credit for verified use of a CAPA certified part is appealing, we see no way of removing the obstacles at this time.

Sincerely,

Tom L'Hote