

TO: Karen Fierst
FROM: John Bardaville, Kim Phillip
DATE: April 26, 1993
RE: State Farm Visit

State Farm Attendees: Ben Parr, John Dirks (Legal Council), Gerald Colbert (VP Claims), William Hardt (Asst. VP Property) and Wayne Sorenson (VP Research), did not come.

April 18, Sunday Discussed program in general and problems. Specifically discussed SPC, reverse eng., distributor and order consolidation, deviation procedure, etc. John and Kim.

April 19, Monday Tong Yang - Crispin Wu (General Manager) - Toured facility, discussed problems from Mfgs. standpoint such as time frames for tool repair too short, cost of seals, unique number vs. logo misunderstanding, etc. State Farm gave him insurance market statistics and asked Mfgs. if it would be better for program if Limited Mfgs. Crispin Wu's response was positive to this end also commented on OEM's targeting his CAPA parts.

TYC - Lighting Mfg. - Rhanda Chang (Manager for Exports) - TYC primarily supplies Taiwan Domestic market OEM and South Africa OEM. Also supplying U.S. with aftermarket, through some distributors and retailers. State Farm discussed the need for more aftermarket lighting in U.S. and gave statistics.

April 20, Tuesday Yung Shine - Mr. Lin (Owner) - State Farm again presented insurance statistics and asked why number of certified parts are decreasing. Mr. Lin stated standard too strict, and no financial incentive to provide CAPA parts. This same comment was repeated throughout entire trip by all Mfgs.

Tie Shine - Parkson Tong (President) - Again State Farm asked Mr. Tong his preception of the problems with the Program. Mr. Tong stated standards too strict, old parts should be accepted as is with no decertification and no financial incentive to produce CAPA parts including problems with OEM's targeting parts.

Parkson also stated he will not bring in any CAPA fenders because he has problems with Standards due to "spring back". State Farm and John concluded this was due to him purchasing cheap material. Parkson in process of putting plant in Mainland China to supply China OEM market.

April 21, Wednesday

Haur Tay - Mr. Su (Haur Tay Owner) - Representative from Summax, Apex and Highway SMC were all at Haur Tay.

Same story as the rest, i.e. Standards too strict and no financial incentive. Representative from Apex asked if State Farm would pay for tooling development if manufacturer produced certified parts.

Haur Tay already in production in Mainland China producing for OEM market. No intention of supplying aftermarket industry with Mainland China operation at this time.

Three Brothers - Mr. Chang (Mfg. Manager) - Discussed Three Brothers intention to put passenger car doors in Program. Three Brothers stated they had four (4) doors and one (1) trunk lid they would like to submit. CAPA needs to make decision on certifying car doors. State Farm was impressed with Mr. Chang and the facility.

Lian Chen - Leo Chang (President) - This is reverse engineering source that John has been evaluating and asked State Farm to visit. They also have production capabilities in Shin Wu for OEM.

State Farm was unaware that this technology was available in Taiwan. They also seemed to be impressed with facility and size. Also asked if State Farm interested in assisting them so they would supply plastic bumpers, but were concerned they could not make enough money on aftermarket parts.

April 22, Thursday

Lio Ho - Michael Ma (General Manager) - He stated forthright that Lio Ho changed their direction four (4) years ago and not interested in doing aftermarket body panels. He wished that he would have had insurance statistics eight (8) years ago.

Again State Farm asked why certified parts continuing to decrease, but overall aftermarket industry is still increasing slightly. Mr. Ma commended program for trying to improve quality of parts, but stated problem is purely market driven.

Legion - Legion Liou (Owner) - Mr. Liou does not want his parts in Directory because OEM's target him. He said he would be willing to put more parts in program, but does not want them in a Directory but O.K. through ADP, etc. He also did not think any manufacturer should be omitted from Program just because they did not produce any parts.

He is also already in production in Mainland China for OEM.

April 23, Friday

MRL - Renold Lui (VP ITRI) - Discussed market and they reiterated what manufacturers had said. They also discussed if there was any way to give Mfgs. larger orders through consolidation.

Also discussed ENTELA and ITRI developing proposals that would assist CAPA Mfgs. and qualifying for government funding. Kim discussed her meeting with Mr. Ou at the Industrial Development Bureau and possible proposals. Appeared to be interested, but ENTELA would have to initiate.

We also explained why we have not been able to give them any testing work, but said this could perhaps still be re-evaluated if there costing was appropriate.

April 23, Friday

ARTC - They took a quick tour as Kim asked them to fit this in schedule.

They saw ARTC had capabilities to do safety testing for bumpers, car doors, lighting, etc.

John and Kim stayed and discussed working together to get funding from government for Mfgs. They seemed quite receptive and were going to make an initial inquiry on how much funding left and timing.

Legion Dinner - State Farm accepted Mr. Liou's invitation and his invitation for ENTELA to join. Lots of food, drink and some discussions on market.