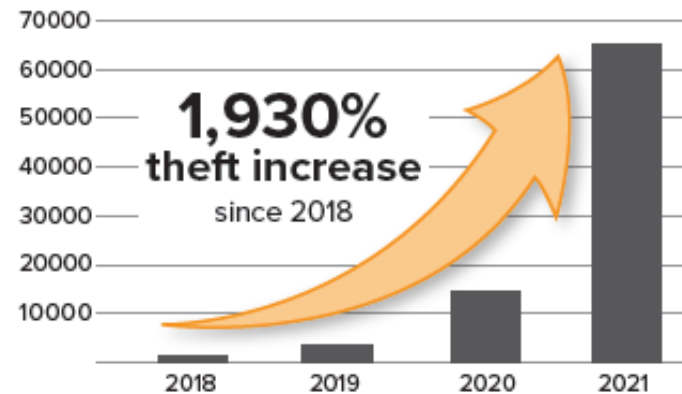

MMAAG





Why California SB55

Since 1975, the U.S. has required all vehicles powered by gasoline or diesel to have at least one catalytic converter to help reduce the contaminants emitted by exhaust. **Thefts of catalytic converters have rapidly increased 1,930% since 2018.**



PRECIOUS METALS

Catalytic converters are attractive to thieves because they can be **worth several thousand dollars on the black market** due to the precious metals like rhodium, palladium, and platinum that they contain.

45 Rh Rhodium 102.906	46 Pd Palladium 106.42	78 Pt Platinum 195.085
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\$20,000
per ounce

\$2,938
per ounce

\$1,128
per ounce

Value per ounce as of March 2022. Source: www.kitco.com.

REPLACEMENT COSTS

The cost to replace a catalytic converter can run between **\$1,200 and \$4,000** for the parts and labor depending on the make and model of your vehicle. The majority of the cost will be the catalytic converter due to the precious and expensive metals used in the interior construction of the part.

\$1,200 ———  ——— **\$4,000**



SB-55 Vehicles: catalytic converters. (2023-2024)



Effective January 1, 2024, SB 55 requires California dealers to mark catalytic converters in vehicle sales transactions, unless the dealer offers the marking as an optional product and the customer opts-out. While the bill imposes a significant compliance requirement on dealers, due to CNCDA advocacy, the bill author agreed to allow dealers to offer VIN marking as an optional product and allow customers to opt-out. Copied below is an excerpt from [CNCDA's 2023 Legislative Summary](#) that discusses this requirement in greater detail.

SB 55 applies to finance and cash sales of new and used vehicles, but the bill does not apply to leases. Unless the customer declines the dealer's offer to mark the catalytic converter, the bill requires the marking of the vehicle identification number (VIN) on the catalytic converter using a 'permanent' method such as engraving, etching, welding, metal stamp, or acid mark.



SB-55 Vehicles: catalytic converters. (2023-2024)



Dealers have two options to comply with SB 55:

Option 1: The dealer marks the VIN on the catalytic converter prior to the sale and advertises the price of the vehicle inclusive of any cost for the marking. In this option, catalytic converter marking would be treated in the same manner as any other additional pre-sale dealer-installed equipment (such as a tow hitch). If the vehicle is a new vehicle, the dealer should use the supplemental/addendum price sticker to notate any adjustment of the price of the vehicle above MSRP. ([For an in-depth discussion of the use of Supplemental Stickers, see Chapter 50 of CNCDA's F&I Compliance Manual.](#))

Option 2: The dealer offers catalytic converter VIN marking as an optional product to the customer. If it's a finance sale, the marking would be disclosed as a "theft deterrent device" in the precontract disclosure statement. ([See Chapter 22 of CNCDA's F&I Compliance Manual for a discussion of the Precontract Disclosure Statement.](#)) In either a cash or finance sale, a dealer should obtain the customer's signed acknowledgment in the event the customer declines the catalytic converter marking. CNCDA is working with Reynolds on developing a model form for the customer to decline the catalytic converter marking. The form should be available in December 2023.

COMPLIANCE AND SOLUTION



- MAG solution encompasses electrolysis to permanently etch VIN into Catalytic Converter(s) via stencil
- Warning label (tested to 1100 degrees)
- Current MAG technology ultimately used to extract VIN and make available on service drive
- Process complete in <:05

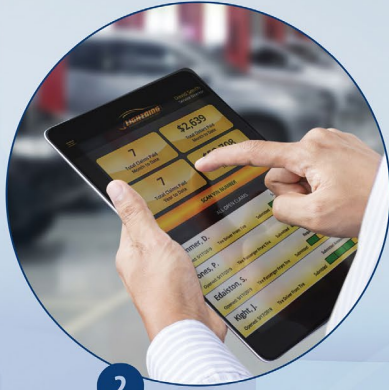




CONNECTIVITY



1



2

CUSTOMER EXPERIENCE

- 1 Customer submits claim to MAG by phone, website or MyCar Mobile app.
- 2 Service tech reviews claim through Lightning app.
- 3 MAG claim representative coordinates repair with local dealership.
- 4 Customer is back on the road.

4



3



CALIFORNIA LIMITED WARRANTY

Ready to install as pre-load prior to January 1, 2024

Start-up Kit:

- Marking Device
- Printer for Labels
- Stencils for 600-800 vehicles
- Window Warning Stickers

\$1739, plus shipping

Dealer Cost for Limited Warranty

- Three-Year/\$5000 Theft Benefit = \$79



SUMMARY



CUSTOMER EXPERIENCE

+

CONNECTIVITY

+

POSITIVE
TOUCHPOINTS

=

VALUE

VALUE = MORE SALES



LAUNCH AND SUPPORT

NEXT STEPS

