

February 3, 2023

Chair Matt D. Klein and Members of the Committee
Commerce and Consumer Protection Committee
Minnesota Senate

RE: Senate File 5 – Catalytic Converters

Dear Chair Klein and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Minnesota. Working hand-in-hand with our member companies and Minnesota law enforcement, we help to detect, prevent, and deter insurance crimes, including vehicle and catalytic converter theft. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policyholders across the country every year.

Catalytic converter theft has skyrocketed in recent years in part due to the significant rise in the price of various precious metals, including rhodium, platinum, and palladium. All are used in the construction of catalytic converters. Criminals are seizing the opportunity to profit off these increased prices by removing the catalytic converter from vehicles – in relatively easy fashion – and selling the stolen part on the black market. The component precious metals can be recycled into new products. Nationally, catalytic converter thefts more than quadrupled from 3,389 in 2019 to 14,433 in 2020. Thefts jumped dramatically yet again to over 52,000 in 2021, an increase of 1,215% since 2019.

Installing a replacement catalytic converter can cost thousands of dollars. Because thieves try to remove the converters as quickly as possible, their hastiness often causes higher repair costs due to incidental damage. Moreover, businesses with large vehicle fleets, such as vehicle dealerships or utility companies, are often targeted due to the number of potential marks in a small area. Thefts from commercial carriers can lead to replacement costs in excess of tens of thousands of dollars, and additional lost revenue due to halted operations.

Senate File 5 seeks to curb catalytic converter thefts by expanding the record keeping requirements of scrap metal dealers and establishing strong penalties for those who intentionally violate these provisions. Further, the bill requires all scrap metal dealers engaged in the purchase of used catalytic converters to implement training for employees handling these transactions.

Accordingly, we respectfully request your support for SF 5.

Thank you for your consideration. If you have any questions or need additional information, please contact me at csepich@nicb.org or (847) 772-7667.

Sincerely,

Craig Sepich

Craig Sepich
Assistant Director
Office of Strategy, Policy, & Government Affairs
National Insurance Crime Bureau