

*LEGISLATIVE UP-DATE*  
*CIC - BOSTON*



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# *SCRS Regulatory Guiding Principles*

## **Regulatory Guiding Principles**

### **BE IT RESOLVED THAT:**

The Collision Repair Industry finds the vast majority of collision repair businesses and their employees to operate with integrity and in the best interest of the consumer.

The Collision Repair Industry acknowledges there is potential for fraud in all industries; and where fraud exists, the attention of regulators and law enforcement officials should be directed to deal with it appropriately.

# *SCRS Regulatory Guiding Principles*

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The Collision Repair Industry has taken a firm stand supporting consumer protection and against collision repair fraud.

The Collision Repair Industry commends those regulators that provide consumer protection through a fair and collaborative relationship with industry participants, while focusing enforcement efforts on unscrupulous repairers that intentionally harm consumers.

The Collision Repair Industry recommends that regulators, to effectively protect consumers and to encourage the continued advancement of the collision repair industry, operate within the following guiding principles:

# *SCRS Regulatory Guiding Principles*

*continued*

## **THEREFORE:**

A regulator shall:

- 1 Abide by the letter and spirit of its legislative mandates.
- 2 Promulgate regulations that are consistent with its legislative mandates, specific to the collision repair industry and inclusive of industry input.
- 3 Embrace industry trade standards that are well defined, widely accepted and reasonably achievable by the majority of industry participants.
- 4 Publish easily understood, generally accepted definitions for all significant terms.

# *SCRS Regulatory Guiding Principles*

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- 5 Collaborate with industry participants to periodically gauge industry performance and to establish, as warranted, reasonably achievable objectives for industry improvement over time.
- 6 Develop a well-defined communication and education process to disseminate new regulations and information, with adequate lead-time and sufficient training for industry participants to implement required changes.
- 7 Be impartial and consistent in its application of regulations with a predisposition towards education, prevention and rehabilitation.
- 8 Refrain from providing a financial incentive to any of its employees related to enforcement activities.

# *SCRS Regulatory Guiding Principles*

*continued*

- 9 Operate under the principle of innocent until proven guilty.
- 10 Refrain from publicly disclosing any information regarding violations until all parties have been provided adequate opportunity to pursue due process.
- 11 Provide clear regulations in regards to penalties and fines, with severity of punishment consistent with the significance of the violation.
- 12 Have its performance reviewed annually by a Board or an Industry Advisory Committee comprised of representatives from all segments of the industry. This body should meet quarterly to address regulatory and industry issues.
- 13 Provide technical training for its employees that is consistent with the technical training reasonably available to industry participants.

# *TEXAS*

Texas House Committee Passed a bill banning insurer-owned shops. By a vote of 7-0 the House Committee on Licensing and Administrative Procedures passed H.B. 1131, the companion to Senate Bill 435. Both Bills propose to outlaw insurance company ownership of collision repair facilities.

# TEXAS

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*Washington, D.C., Sept. 9, 2003* — Allstate Insurance Co. and Sterling Collision Centers have filed a lawsuit in the District Court of Dallas County, Texas. The suit filed against the Texas Attorney General challenges Texas' new insurer-owned repair shop law.

Texas House Bill 1131 is the focus of the suit. The Automotive Service Association (ASA), working with a coalition of organizations and repairers in Texas, were advocates for the legislation.

A copy of the Allstate filings can be found in the Legislation section of the ASA Web site ([www.asashop.org](http://www.asashop.org)).

# *California*

## ANTI-STEERING BILLS

SB 551 (Speier)

This bill codifies existing regulatory law and would prohibit an insurer from requiring an automobile be repaired at a specific automotive repair dealer, as defined. It would also prohibit an insurer from suggesting or recommending that an automobile be repaired at a specific automotive repair dealer unless the claimant requested the referral or the claimant is informed, in writing, of his or her rights, as specified. This bill would also require the insurer, if the suggestion or recommendation that an automobile that

# California

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automobile be repaired at a specific automotive repair dealer is contained in the insurance contract, to disclose that provision, in writing at specified times, and would prohibit the insurer, if the insured chooses the automotive repair dealer, from limiting or discounting the reasonable repair costs.

Status: Governor's Desk for Signature

# Colorado

Colorado

HB 1253 (Stengel)

The new law, signed by the Governor June 2003, improves upon the state's existing anti-steering statute. It states that an insurer cannot indirectly or directly require that appraisals or repairs be made at a specific shop. Insurers cannot tell insured's that the use of or failure to use a particular shop may result in non-payment or delayed payment of claims. An insurer cannot intimidate or coerce an insured to use a certain shop. An insurance company cannot use disincentives to discourage a claimant from

# Colorado

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using a particular repair facility of his or her choice. The insurance company or agent may not accept a referral fee or compensation for referring a claimant to a particular repair shop. The insurer cannot require the insured to travel unreasonable distances to obtain repairs or an estimate for work. Insurers must pay for repairs based on a prevailing competitive price. Status: Signed into law June 2003.

# *THANK YOU*

- Committee Members
  - SCRS
  - Collision Week
  - Body Shop Business
  - CRASH NETWORK
- And Anybody Else We May Have Missed