

# *LEGISLATIVE COMMITTEE*

## *April Meeting 2004*



### Your Committee Chairs

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# *2004 CIC Legislative Committee*

## *April Report*

The following topics were assigned to the Legislative Committee at the 2004 Planning Meeting.

- Licensing/bonding of Shops
- Insurer Ownership of Body Shops
- Two-tier Auto Insurance Policies
- Consumer Disclosure and Consent
- Diminished Value
- Potential VOC Issues
- Vehicle Data Access

# *2004 CIC Legislative Committee*

## *New York*



- SB 683
- Would let insurers delay paying suspicious claims for 30 days while they investigate. The bill also would give the insurance department greater power to investigate medical clinics and other providers.

# *2004 CIC Legislative Committee*

## *New York*

- The committee also said it expected to "revive two reform bills the Senate passed last year but which died in the Assembly. SB 555 would make it a felony to recruit members of staged-accident rings [the long-sought 'runners' bill].

# *2004 CIC Legislative Committee*

## *New York*

- New York AB 8671 – Extends pilot program to prevent auto theft and insurance fraud, requiring mandatory surcharges and victim assistance fees be paid for traffic interactions under the vehicle and traffic laws. Effective 9/1/05. Chapter 261.

# *2004 CIC Legislative Committee*

## *Texas*

**Wednesday January 21 -- *story by Collision-Insight***

### **HB 1131 - Allstate Gets Injunction In Case Vs Texas**

Allstate Corp. won a temporary victory in its challenge of a Texas law that aims to prevent insurance companies from buying auto repair centers or favoring ones they already do own.

The company received a preliminary injunction that allows its Allstate Insurance Co. unit to resume joint-marketing campaigns with its auto-repair unit, Sterling Autobody Centers.

Allstate and Sterling also claim that Texas House Bill 1131 violates their free speech rights. The challenge, filed last August, won't go to trial until September, according to an Allstate press release.

# *2004 CIC Legislative Committee*

## *Texas continued*

Texas House Bill 1131, which became law last September, prevents insurance companies from participating in joint marketing programs or programs that favor their own repair centers. The law also prohibits insurance companies from buying new or building additional repair centers.

Allstate Corp.'s Sterling currently runs 14 repair centers in Texas.

The injunction allows Allstate to resume its practice of promoting Sterling's services during the referral process.

"The state cannot undertake to level the playing field for the purpose of protecting local business from competitors," the U.S. District judge wrote in his decision.



# *2004 CIC Legislative Committee*

## *Texas continued*

Repairs done at Sterling account for less than 5 percent of Allstate's overall claim volume, both in Texas and the other 14 states in which Sterling operates.

The unit has about 60 repair centers in 15 states, and while there aren't yet similar laws in other states, legislation is being discussed elsewhere.

# *2004 CIC Legislative Committee*

## *Illinois*

- Illinois SB 228 – Creates the Automotive Collision Repair Act setting forth disclosure requirements for repair estimates and invoicing practices and outlining unlawful repair practices. Effective 1/1/04. Public Act 93-565.

# *2004 CIC Legislative Committee*

## *Illinois*

- Illinois SB 819 Introduced 11/4/2003

### **CHAPTER 21A. INSURER INTERESTS IN REPAIR FACILITIES**

**Sec. 2153. Except as provided in this chapter, an insurer may not own or acquire an ownership interest in a repair facility.**

**Sec. 2155. (1) An insurer that has an ownership interest in a repair facility on the effective date of the amendatory act that added this section shall divest itself of any ownership interest in that facility by not later than 2 years after the effective date of the amendatory act that added this section.**

# *2004 CIC Legislative Committee*

## *Illinois (SB 819 con't)*

**During the period in which the insurer maintains its interest in the repair facility before the divestiture required under subsection (1), the insurer shall do all of the following:**

**(a) Post a notice in not less than 18-point font at the customer entrance of each of the repair facilities in which the insurer has an ownership interest stating: his repair facility is owned in whole or in part by (insert name of insurer). You are hereby notified that you are entitled to seek repairs at a repair facility of your choice."**

# *2004 CIC Legislative Committee*

## *Illinois (SB 819 con't)*

**(b) Shall notify an insured in writing at the time a policy is delivered, issued for delivery, or renewed of the insurer's ownership interest and that the insured is entitled to seek repairs at a repair facility of his or her choice.**

**(c) Shall notify an insured verbally at the time a claim is filed of the insured's ownership interest and that the insured is entitled to seek repairs at a repair facility of his or her choice.**

**Sec. 2157. (1) A person, including, but not limited to, a repair facility, aggrieved by a violation of this chapter by an insurer may bring an action for injunctive or other appropriate relief to compel the insurer to comply with this chapter.**

**(2) A plaintiff who prevails in an action under this section is entitled to recover reasonable attorney fees and court costs.**

# *2004 CIC Legislative Committee*

## *Missouri*

- Missouri Introduces Insurer-Owned Shop and Anti-Steering Bills  
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**Missouri has become part of a growing list of states looking to make insurance company ownership of collision repair facilities a crime.**

- Missouri has introduced two bills this year involving the collision repair industry. The first dealing with insurer owned shops, and the second aimed at steering.
- House Bill 818 was introduced to outlaw insurer-owned shops. Like other bills before it, the ban would prevent any additional shops from being acquired by insurance companies while providing a divestiture period for those that are already owned by insurers. The divestiture deadline for HB818 is August of