

LEGISLATIVE COMMITTEE

NACE Meeting 2004



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2004 CIC Legislative Committee

2004 Report Objectives

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

CALIFORNIA

California Passes Law That Prohibits Progressive Insurance Concierge Program.

Governor Arnold Schwarzenegger took action on September 30th by signing AB 1079 (Bermudez), which, among other things, would prohibit programs such as Progressive's Insurance Concierge Service in California. This represents, according to a California Autobody Association (CAA) press release, a major victory for consumers and auto body repair shops in the State.

- AB 1079 would define a customer as the “person presenting a motor vehicle for repair and authorizing the repairs to that motor vehicle”. Furthermore, the law specifically states, “the customer shall not mean the automotive repair dealer providing the repairs or an insurer involved in a claim that includes the motor vehicle being repaired or an employee or agent or a person acting on behalf of the dealer or insurer.”

2004 CIC Legislative Committee

CALIFORNIA (continued)



- The law would prohibit the current Progressive Concierge Program and others like it, which encourages customers to drop off their vehicles at Insurance Centers, pick up a rental car, and leave, while allowing the insurer to “step into the shoes” of the customer and to make all the critical repair decisions including where the car is to be repaired.

CIC's INFLUENCES ON LEGISLATION



CIC's INFLUENCES ON LEGISLATION

Your Efforts Count

Narrative: No matter what we do, if we do anything, we want it count for something. I believe that many of us that have participated in CIC at times feel that our efforts result in more dialogue than tangible results. Today, I hope to refute that notion by showing the influence CIC has on legislation passed or proposed around the country.

CIC's INFLUENCES ON LEGISLATION

CIC Committee's

- *Narrative:* CIC has 15 separate committees. At least 10 of these committees are working on issues or have produced reports on issues that are being debated in legislatures across the country and on Capitol Hill in Washington, DC. While some bills may have been created without any knowledge of, or input from, CIC, I can assure you that many of them have.
- Today ,we will look at each of the ten committees cited earlier and show how there hard work has been instrumental in legislative proposals or recently enacted laws around the country. Due to time consideration we will only be providing a few key samples, but please be aware that there are literally hundreds of bills introduced and laws passed that deal with the issues before these committees.

Cycle Time Task Force

Cycle Time Task Force

- Massachusetts regulation changed that required the ordering of the “lowest priced part”.
- *Narrative:* The Cycle Time Task Force committee’s recent focus has been on parts and the appraisal process. In the spring of 2003 Massachusetts successfully a changed regulation requiring use of “lowest priced part” when a part was to be repaired rather than replaced in part due to an effective argument that using “the lowest priced part” would effectively increase cycle time and cost. A position originally stated by this committee.

Definitions

Definitions

CIC Minimum Requirements for Class A Shop.

Adopted by Florida county

Influenced key section of MABA legislative proposa

- ***Narrative:*** A majority of the work of the Definitions committee is best known for its creation of The Collision Industry Conference Minimum Recommended Requirements for a "Class A" Collision Center. We understand that at least one Florida county uses the document to define registration requirements. It was also the basis for a key section of proposed Massachusetts's legislation that would implement a majority of the criteria for a collision repairer to obtain a license in that state.

Estimating

Estimating

Requiring insurers to use estimating system collision repairer used to prepare supplement.

Using more than one manual.

- ***Narrative:*** The Estimating committee may not appear to be one that would lend itself to legislation, but may states require appraisers to use estimating manuals to prepare appraisals, make it illegal to alter a manual or use more than one for an unfair advantage. Last year, a bill was proposed that would require insurers to recognize and use the estimating system the repair used to create a supplement request.

Estimating (continued)

- Also, the Massachusetts Auto Damage Appraisers Licensing Board scheduled hearings to develop an Advisory opinion to assist collision repairers and insurers in identifying unclear or erroneous times, what constitutes an approved manual and other data base issues in part due to the recent activity of MABA at CIC.

Ethics

- Steering
- Insurers requiring specific systems
- Fraud

Narrative: The Ethics committee is primarily focused on the steering, however fraud and more recently the issue of insurer requiring use of specific systems has also become a focus of the committee.

Legislation proposed on steering may be the most prevalent across the country. California, Colorado, Nebraska and others have recently passed new steering laws and the recent California law addressing the concierge type programs is an issue that several CIC committees are looking at.

Human Resources

Human Resources

- Workman's Compensation
- Privacy
- Overtime

Narrative: The issues covered by the Human Resources committee are at least, if not more, regulated than the collision repair side of your business. While this committee is primarily a reporting tool for CIC, it could be, and should be used to provide information to decision makers about the effect these laws have on your business. The new federal overtime classification regulations clearly affect how repairers pay their techs and their voice should be heard.

Industry Discussions



Industry Discussions

- Aftermarket v. OEM Parts
- Insurer Owned Collision Repair Shops

Narrative: In 2003 this committee focused on shop ownership issues and crash part testing. With the possible exception of steering, these issues dominate state legislatures throughout the country. It is likely that this committee will widely be a focal point on many issues discussed by state legislatures.

Information Technology

Information Technology

- Mandating acceptance of technology.

Narative: By creating an awareness of the technological advancement and availability this committee can help influence legislation, which may require many segments of the industry to automate to improve efficiency and lower cost. The work of this committee has contributed to the Massachusetts legislation requiring insurers to accept electronic supplement request if the shop so chooses. Currently a personal inspection is required for each appraisal and supplement.

Insurance

Insurance

- Mandated use of a specific estimating, imaging system, claims handling system
- Insurer specification of parts vendors - interference with business relationships.
- Identify issues surrounding abandonment, delay in removal of total loss vehicles from repair facility - Guidelines
- Database abuse - Identify abuse of published time allowances

Narrative: The issue of parts and total loss abandonment have do have legislation and statutes in many states, but the newer issues of mandating estimating systems, data base manipulation are more likely to be hot topics before legislature's throughout the country in the years ahead and this committee will play a key role.



Legislative

Legislative

Narrative: We don't propose legislation, just report on it.



OEM

OEM

- Parts material identification - providing clarity of parts content information
- Reparability of hybrids

Narrative: While there is no known state legislation resulting from the Committee's recent focus, it is likely that the hybrid vehicles and the certification of repairers by manufacturers may result in legislative proposals in the future.



Parts

Parts

- CIC Position on Realistic phase out of Mercury components and replacement part availability - to address state legislation
- Non-deployed OEM Airbags - Identify issues with sale and use

Narrative: Phase out of Mercury components and replacement legislation is a specific issue being discussed by this committee. It is worth noticing that this committee is being proactive in identifying legislative issues under its purview. Other committees should take note of this.



Closing

Closing

We need to understand two things. First, is that your time and effort is not in vain. What each committee at CIC does can result in action by legislatures around the country. Second, is that when your efforts do result in legislative action that you have made a positive contribution to the betterment of the collision repair industry as a whole.

The CIC legislative committee applauds your efforts and hopes that you also applaud yourself.