

Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

February 17, 2009

SB 896, An Act Concerning The Repair Of Damaged Motor Vehicles

The Insurance Association of Connecticut (IAC) supports SB 896, An Act Concerning The Repair Of Damaged Motor Vehicles, as it will provide direct benefits and protections to the consumer in the motor vehicle repair process.

In 2008 the General Assembly passed P.A. 08-146, which included the establishment of a requirement that any consumer who has his or her car repaired in a repair shop as part of a repair program established by an insurer must sign an acknowledgement that the consumer is aware of his or her right to choose a repair shop for such repairs.

The legislature's goal was to ensure that consumers are fully aware of their right to choose a repair shop for their damaged cars. For that goal to be truly met, however, the requirement of a shop getting such a written acknowledgement should apply to all repair situations, not just those involving an insurer's repair program. Lines 16-19 of section 1 of SB 896 broadens the effect of P.A. 08-146, to the benefit of consumers.

Only a minority of damaged motor vehicles in Connecticut are actually repaired in motor vehicle repair programs established by insurers. The goal of P.A. 08-146 cannot be realized unless it is made applicable to all repair shops.

Under current statutes, all repair shops must have signs in their businesses describing the consumer's right to choose. All repair shops must put a freedom of choice notice on estimates they prepare. The written acknowledgement, which ensures that the consumer had actual knowledge of that right to choose, should apply across the board in order to be similarly effective.

Often damaged motor vehicles are towed to a particular shop, as a nonconsensual tow, on a rotational arrangement with the particular town. The owner of the car made no decision to have the car towed there. The shop does not "own" the repair business on that car. The consumer should be given the benefit of the written acknowledgement requirement, to ensure that he or she is truly aware of the right to choose where the vehicle is ultimately repaired. Lines 11-19 of section 1 protect those rights of the consumer.

Lines 36-58 of section 1 would exempt an insurer or any other party from being financially liable for supplemental repairs unless the insurer is given notice of the need for such repairs and an opportunity to inspect the vehicle prior to the commencement. Often insurers are forced to pay for unnecessary additional repair work that was neither authorized nor subject to an inspection. Currently, insurers often do not have the opportunity to contest such charges. Unwarranted charges can add substantially to the final cost of repairs, increasing claims costs which result in higher premiums for insureds.

Section 2 of SB 896 requires that a repairer provide an invoice to the insurer, upon the insurer's request, for all work performed on a vehicle that insurer may be financially responsible to pay for. It also requires repairers to certify that all the work authorized by an insurer was completed and that all deductibles were taken. Section 2

protects against fraud and padding of bills, two potential factors in inflating claims costs, and helps ensure that the consumer gets the full benefit of the repairs and materials that were agreed to.

As written, section 2 would only apply to first party claims. We would request that lines 95-96 be amended so that the sections apply to both first and third party claims, so as to benefit all claimants. We would also point out that the reference to C.G.S. 14-65f in line 101 is incorrect, in that written authorizations do not necessarily include the repair estimate. They are often, if not usually, separate documents.

Section 3 requires that each motor vehicle repair shop employ at least one licensed motor vehicle physical damage appraiser, who would be subject to the same rules and standards of conduct as insurer's appraisers. Section 4 provides for the licensure of those individuals. By requiring an auto shop employee be so licensed, and by requiring that such employee conduct all negotiations with insurers, SB 896 ensures that the standards for professionalism are consistent between the parties, which should facilitate expeditious repair of the vehicle, benefiting the consumer.

Section 6 requires repair shops to make a damaged motor vehicle available during the repair process for inspection, during normal business hours, when requested by the insurer or its representative. Such reinspections will help ensure that competent and proper repairs have been made in accordance with the appraisal. IAC will submit language to the Committee clarifying the intent of this section.

IAC urges passage of SB 896.