



5298

Joseph Taborsak

State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE JOSEPH J. TABORSKAK
ONE HUNDRED NINTH ASSEMBLY DISTRICT

VICE CHAIRMAN
GENERAL LAW COMMITTEE

LEGISLATIVE OFFICE BUILDING
ROOM 4067
HARTFORD, CT 06106-1591
CAPITOL: (860) 240-8585
TOLL FREE: 1-800-842-8267
FAX: (860) 240-0206
HOME: (203) 744-7888
E-MAIL: Joseph.Taborsak@cga.ct.gov

MEMBER
HOUSING COMMITTEE
JUDICIARY COMMITTEE
PUBLIC HEALTH COMMITTEE

Tuesday March 2, 2010

Testimony of State Representative Joseph Taborsak
Joint Committee on Insurance and Real Estate
H. B. 5298 An Act Prohibiting Incentives From Automobile Glass Repair Shops

Dear Senator Crisco, Representative Fontana and Members of the Committee:

I am State Representative Joseph Taborsak and I am here to testify in favor of the concept embodied in HB 5298 An Act Prohibiting Incentives from Auto Glass Repair Shops. I say that because the language of the legislation is somewhat broader than I had envisioned and I would suggest from the outset that section one be deleted and that the bill only address the issues involving incentives from Auto Glass Dealers.

The intent of the legislation is to prohibit the offering of gift cards or any other thing of value by Auto Glass Dealers to Insurance Agents, or their employees in exchange for the repair shop fulfilling auto glass repair work referred by that agent or agency. Conversely, it would also be a prohibition that the agency, agent or employee to accept that gift card or thing of value in return for that referral.

It has been the practice by some Auto Glass Dealers in Connecticut offer as an inducement to refer business a \$25 gift card to an insurance agent or insurance agency employee for each fulfilled referral to that Auto Glass Dealer. Also, in some instances for each referral that is rewarded the agent or employee is entered into a quarterly drawing for a \$500 gift card. The agent or employee is entered into the larger drawing for each glass repair job fulfilled during that period. Currently, this practice of rewarding referrals with gift cards is illegal in our bordering states of New York and Massachusetts. Recently, in New York 43 Insurance Agents and brokers were fined a total of \$42, 650 for illegally accepting gift cards. Some of the payments to individuals added up to over \$1,000.

Some may ask what is the harm in paying a "commission" for referring business? First and foremost, the agent is acting on behalf of his client the insured. His only concern should be to refer to the most qualified repairer. His decision should not be clouded by the thought of a referral fee in the form of a gift card.

Secondly, the windshield has become a critical part of the vehicle airbag system so assuring referral to qualified repairers is crucial. The Federal Motor Vehicle Safety Standards define the windshield as a vehicle safety device. Windshields are a structural part of the vehicle and play a critical role in sustaining vehicle integrity. By prohibiting the awarding of gift cards the legislature will be promoting consumer safety and the objective referral to qualified auto glass dealers.

By passing this bill the legislature will be supporting consumer choice and agency choice in the referral of work to Auto Glass Repairers. It will emphasize that it is the agents right to advise its policyholders on service options and provide value added service to their policyholders. It will no longer allow the agents referral to be clouded by the potential influence of a gift card or some other thing of value. The integrity of a referral to the most qualified repairer in consultation with the policyholder will be guaranteed.

In closing I would ask you to act favorably on this legislation to keep the integrity in the referral of work by Insurance Agents to Auto Glass repairers. I would be glad to answer any questions.