



Connecticut Glass Dealers Association

Testimony in Support of
Proposed Bill 5283 – An Act Concerning Automotive Glass Work
Insurance & Real Estate Committee – February 17, 2011

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, my name is Jennifer Vanasse I am the current legislative chair and past president of the Connecticut Glass Dealers Association and the vice president of a small automotive & flat glass company in Connecticut. I would like to thank you for the opportunity to speak in support of Proposed Bill 5283 – An Act Concerning Automotive Glass Work.

The **Connecticut Glass Dealers Association (CGDA)** is the state chapter of the National Glass Association and represents approximately 60 small businesses and 450 employees within the state. CGDA members are comprised of flat and automotive glass service, installation and repair contractors and are licensed through the State Department of Consumer Protection. The association's mission is to provide education, training, and networking to our member businesses and advocate on behalf of the glass industry in the state of Connecticut.

CGDA supports **House Bill 5283 – An Act Concerning Automotive Glass Work** as it will:

- 1.) Ensure the legitimacy of glass companies by requiring them to hold a general liability insurance policy of not less than one million dollars, which all legitimate shops already maintain.
- 2.) And more importantly it will ensure that glass installation companies cannot also act as insurance companies' third party administrators (TPA's).

Currently independent auto glass companies are unable to replace a windshield without having their customers call a TPA, which is actually the independent auto glass company's competition, first. The customer believes that they are calling their insurance company to submit a claim but is in reality calling a TPA that handles the claim as well as manufactures and installs windshields. This phone call is actually a mini commercial for their installation company and they politely suggest over and over again that the customer may save money by being serviced at their replacement centers instead. Therefore, year after year the independent auto glass companies, that are not claim administrators or manufacturers, lose customers and have been forced to stop providing these services to Connecticut consumers. Many independent auto glass businesses have closed their doors and are no longer in business. For example, in the late 1980's CGDA had over 100 member small businesses. About 90% of these small businesses provided two services - both automotive and flat glass replacement. As of today CGDA represents about 60 small businesses in Connecticut, only about 30% service auto glass replacement. This practice has forced many small businesses to close. If passed House Bill 5283 - An Act Concerning Automotive Glass Work will help grow small business in Connecticut and will help create employment in Connecticut's glass industry.

CGDA urges the Insurance and Real Estate Committee and the Connecticut State Legislature to pass House Bill 5283 - An Act Concerning Automotive Glass Work as it will:

- Create a level playing field within the automotive glass replacement industry;
- Help grow small business in Connecticut;
- Help create jobs in the automotive glass industry in Connecticut;
- Protect the consumer by allowing them to choose their service provider without being tricked into selecting their TPA;
- Protect the consumer by lowering automotive glass replacement costs; &
- Ensure the legitimacy of glass businesses by requiring owners to hold general liability insurance.

This issue not only affects Connecticut businesses but several other states as well. I have attached the Proposed Bill from Massachusetts and existing statute from Montana, for your information. Other states such as Massachusetts, New York, South Carolina, and Arizona have also introduced legislation this session. The association would be happy to work with the committee to draft additional language such as the attached Massachusetts' Bill.

Jennifer Vanasse
CGDA Legislative Chair
CGDA Past President 2008-2010

Montana Code Annotated 2009

[Previous Section](#) [MCA Contents](#) [Part Contents](#) [Search](#) [Help](#) [Next Section](#)

33-18-223. Prohibited activities -- glass broker defined. (1) It is unlawful for an insurance company, individually or with others, to directly or indirectly:

(a) establish an agreement with any person to act as a glass broker for the insurance company under which the glass broker sets a price that must be met by a glass repair shop as a condition for doing glass replacement or glass repair work for the insurance company;

(b) establish an agreement with a glass broker that requires a glass repair shop to bill through that glass broker as a condition of doing glass replacement or glass repair work; or

(c) establish a price that must be met by a glass repair shop as a condition for doing glass replacement or glass repair work that is below the market price as provided in 33-18-222.

(2) As used in this section, "glass broker" means an automobile glass company that acts as a third-party agent for the insurer whenever the glass broker enters into agreements with other automobile glass dealers to perform glass replacement or glass repair work.

History: En. Sec. 3, Ch. 554, L. 1993; amd. Sec. 2, Ch. 207, L. 1997; amd. Sec. 4, Ch. 526, L. 1999; amd. Sec. 4, Ch. 345, L. 2001; amd. Sec. 3, Ch. 192, L. 2009.

Provided by Montana Legislative Services

187th General Court of the Commonwealth of Massachusetts

In the Year Two Thousand and Eleven.

House Docket # 3339 AN ACT PROHIBITING AUTO GLASS INSURANCE CLAIMS THIRD PARTY BILLERS FROM PARTICIPATING AS VENDORS OF AUTO GLASS REPLACEMENT AND/OR REPAIR SERVICES FOR THE SAME INSURANCE CARRIER.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Notwithstanding any provisions of any general or special law to the contrary, no company which serves as a third-party biller for a particular insurance company, whether a carrier or an agency, may additionally provide auto glass replacement and/or repair services for such insurance company, whether under its own business entity that it is related to, by either stock ownership, license agreement, franchise agreement, or such ownership by any direct family relative. A third-party biller shall be defined as any person or company who processes, pays or monitors the payment of auto glass claims on behalf of an insurance carrier or insurance agency.

SECTION 2 All third-party billers of auto glass claims, or any other party that answers telephone calls from telephone numbers advertised or prescribed by insurance carriers or agents for the purpose of reporting auto glass claims by policyholders or glass companies, must disclose, either by recorded message or live voice from a script at the outset of each telephonic interaction, that the person is not a direct employee of the insurance carrier or insurance agent, and that such third-party biller company is not a subsidiary or division of the insurance carrier or insurance agent.

SECTION 3. All third-party billers of auto glass claims must ask in clear language if the policyholder or caller would like to use a particular auto glass company. Such question must be asked before the name of any auto glass service provider company shall be mentioned. If the policyholder or caller mentions the name of any auto glass service company, such mention shall constitute "customer choice," and the name of no other auto glass service company shall be introduced by the person or automated voice during the entirety of the telephonic interaction. In the course of, or following a policyholder's call to report an insurance claim for auto glass loss or damage, no third-party biller may authorize any employee or independent contractor to forward any information gathered during such call, including but not limited to the name of the policyholder, the year, make and model of the policyholder's vehicle, and the location of said vehicle, to any glass company other than the glass services company with which the claim fulfillment has been agreed to and scheduled with, between the policyholder and the third-party biller. Such methods of forwarding policyholder information shall include, but not be limited to, telephonic links, direct telephone calls, transmission by facsimile, transmission by electronic mail, or any other method.

SECTION 4. Privacy of Proprietary Customer Information.

No third-party biller and/or auto insurance carrier shall forward to any policyholder any letter or notification that said policyholder's claim for auto glass loss or damage was settled for a price that exceeded the expressed or inferred price, by any auto glass service company, unless such price, in fact, did exceed said expressed or inferred price in effect at the time of such claim settlement. Further, no auto glass service company shall receive and/or utilize any information gathered by a third-party biller, in the administration of its responsibilities to issue verification of

auto glass loss or damage claims, for its use in any marketing efforts, to discredit and/or disparage any trade practices of any other auto glass service company, expressed or implied, and enter into its database any vital information of any claimant for any future use.

SECTION 5. No employee or independent contractor of any third-party biller of auto glass claims, insurance carrier, and/or insurance agency shall offer any information regarding the quality of workmanship, warranties and/or guarantees, or any possibility of additional costs to the insured during any telephonic interaction, unless the employee or independent contractor holds a permanent license as an insurance adjuster or auto damage appraiser in the Commonwealth of Massachusetts, and that such license is in full force at the time of the telephonic interaction. In the event that such employee or independent contractor holds a permanent license as an insurance adjuster or auto damage appraiser in the Commonwealth, and duly discloses the license number to the caller, the information concerning workmanship, warranties and/or guarantees, or the possibility of additional costs to the insured by any specific auto glass service provider must be based on verifiable facts, duly noted, held in electronic information systems, and accountable for substantiation to the person holding such license.

SECTION 6. All third-party billers providing any auto glass claims-related services to insurance companies that offer policies of insurance in the Commonwealth of Massachusetts shall file annually on March 31st with the Office of the Insurance Commissioner, all auto glass claims-related contracts in force with each specific insurance company, either carriers or producers, which delineate the provisions of the business relationship, excluding the amount of payment and/or consideration provided for third-party billing services. The Commissioner of the Division of Insurance shall promulgate rules and regulations for the administration and enforcement of this section, and shall create and make available all required forms for such reports.

SECTION 7. Each violation of Section 1 of this act shall result in a fine of \$1,000.00, to be paid by the insurance carrier or insurance agency that utilizes the services of a third-party biller. Each glass claim completed in contradiction with the letter and/or intent of Section 1 shall constitute one violation. Allegations of violations shall be reported to the Office of the Insurance Commissioner who shall have the authority to levy such fine(s). Such fines shall be collected by the Division of Insurance and deposited in a retained revenue account to be used by the division to carry out the enforcement of this act. Furthermore, the Division of Insurance shall create and make available forms for reporting such violations of this section. Any violations Section 1 are subject to the provisions of Chapter 93A.

SECTION 8. Each violation of Section 2, Section 3, and/or Section 5 of this act, shall result in a fine of \$500.00, to be paid by the third-party biller or other offending company or person. Each glass claim completed in contradiction with the letter and/or intent of Section 1 shall constitute one violation of Section 2, Section 3, and/or Section 5 of this act. Allegations of violations shall be reported to the Office of the Insurance Commissioner who shall have the authority to levy such fine(s). Such fines shall be collected by the Division of Insurance and deposited in a retained revenue account to be used by the division to carry out the enforcement of this act. Furthermore, the Division of Insurance shall create and make available forms for reporting such violations of each of these sections. Any violations Section 2, Section 3, and/or Section 5 are subject to the provisions of Chapter 93A.

SECTION 9. Each violation of Section 4 shall result in a fine of not less than \$1,000.00, to be paid by the insurance carrier or insurance agency that utilizes the services of a third-party biller. Each glass claim completed in contradiction with the letter and/or intent of Section 4 shall constitute one violation. Allegations of violations shall be reported to the Office of the Insurance Commissioner who shall have the authority to levy such fine(s). Such fines shall be collected by

the Division of Insurance and deposited in a retained revenue account to be used by the division to carry out the enforcement of this act. Furthermore, the Division of Insurance shall create and make available forms for reporting such violations of this section. Any violations Section 4 are subject to the provisions of chapter 93A.

SECTION 10. Each violation of Section 6 of this act shall result in a fine of not less than \$5,000.00 per incident. Failure to file the statement of ownership shall constitute one incident. Failure to file an agreement and/or agreements with one insurance company or insurance agency also shall constitute one incident. Failure of any third-party biller to file three or more statements of ownership and/or agreements during one filing period may be deemed a pattern of non-compliance, at the sole discretion of the Commissioner of Insurance. In the event the Commissioner deems that a pattern of non-compliance exists, then the Commissioner shall forthwith send notice of such pattern of non-compliance to the third-party biller and send an additional copy of such notice to any insurance company and/or insurance agency that is known to utilize the services of such third-party biller. During the thirty (30) days immediately following such notice to the third-party biller, such third-party biller shall have the opportunity to submit all filings listed in the notice. If the third-party biller does not submit appropriate and conforming filings within such thirty (30) day period, then the Commissioner of Insurance shall levy a fine of not less than \$25,000.00 in addition to the fines for each filing not submitted in a timely manner. Such fines shall be collected by the Division of Insurance and deposited in a retained revenue account to be used by the division to carry out the enforcement of this act.