Property Casualty Insurers
Association of America
Shaping the Future of American Insurance
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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. No. 6055 – *AN ACT EXTENDING COVERAGE FOR DEALER CONVEYANCE FEES FOR THE PURCHASE OF REPLACEMENT VEHICLES FROM THE PROCEEDS OF MOTOR VEHICLE INSURANCE CLAIMS*

COMMITTEE ON INSURANCE AND REAL ESTATE

February 17, 2011

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 6055, which would require automobile insurance companies to cover conveyance fees charged by auto dealerships. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI members represent 37 percent of the total property/casualty insurance market and 39 percent of the total personal lines insurance business in the nation. PCI member companies provide 50 percent of Connecticut's personal auto insurance coverage.

PCI opposes this legislation because these fees are often included in the price of the car by the dealer and specifically requiring insurers to cover these fees would likely result in a substantial increase in both the amount and the incidence of these fees. Conveyance fees are additional fees which are sometimes charged by auto dealers to recover costs associated with processing documents relating to the sale of a car. Since these services are an integral part of selling a car, not all dealers charge these fees. Rather, these fees are often built in to the price of the car, just like the salesperson's commission and other expenses associated with operating a car dealership.

By specifically requiring that these fees be covered by insurance, it is likely that this bill would result in more dealers separately identifying and charging these fees because there will be a guaranteed revenue source for payment. In addition, it is our understanding that these fees currently vary widely and it will be difficult for insurers to determine whether such fees are reasonable or justified, which will result in insurers needing to spend time and resources investigating the legitimacy of these fees. This may result in unnecessary delays and disputes in the claims settlement process. In essence, requiring conveyance fees to be covered by insurers would provide just one more way to inflate total loss settlements. Unfortunately, the end result would be increased auto insurance premiums for all Connecticut drivers.

For the foregoing reasons, PCI urges your Committee to not favorably advance HB 6055.

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