

February 19, 2015

The Honorable Joseph Crisco
Chair, Insurance and Real Estate Committee
Legislative Office Building, Room 2800
Hartford, CT 06106

The Honorable Robert Megna
Chair, Insurance and Real Estate Committee
Legislative Office Building, Room 2802
Hartford, CT 06106

Re: House Bill, 6735: AN ACT CONCERNING THE PROVISION OF A LIST OF LICENSEES THAT PERFORM AUTOMOTIVE GLASS WORK.

Dear Chairman Crisco and Chairman Megna and members of the Insurance and Real Estate Committee,

Safelite Group (Safelite®) is the leading provider of vehicle glass repair and replacement (VGRR) products and services in the United States, including the State of Connecticut. Safelite operates four distinct companies including Safelite AutoGlass, Safelite Solutions, Service AutoGlass and Safelite Glass Corp. The company was founded in 1947 and has grown today to provide mobile and retail services to more than 95 percent of the U.S. population operating in all 50 states. The company employs over 10,000 associates and provides claims services to more than 175 insurance and fleet companies, including many of the leading property casualty insurance companies. In 2014, Safelite serviced nearly 4.8 million customers across the country while achieving a high-level of customer satisfaction. In Connecticut, Safelite employs just over 120 associates, operating 9 retail shops, including a brand new location in Cromwell. We contribute over \$25 million each year into the state of Connecticut through taxes, payroll and vendor purchases.

HB 6735, *AN ACT CONCERNING THE PROVISION OF A LIST OF LICENSEES THAT PERFORM AUTOMOTIVE GLASS WORK*, would require the DMV and DCP to jointly compile, maintain and post on their respective agency Internet web sites a list of new car dealers, used car dealers, repairers and limited repairers licensed by the Department of Motor Vehicles that perform vehicle glass work and glazier contractors and glazier journeymen licensed by the Department of Consumer Protection to perform vehicle glass work. Each Department would notify the Insurance Department when such list has been posted and provide the Internet web site addresses for such list. The Insurance Department would provide such web addresses to insurance companies that issue private passenger non-fleet automobile insurance policies in this state. In addition, the bill would require each such company, administrator, agent or adjuster to provide to an insured who submits a claim for vehicle glass work or vehicle glass products a copy of or the internet website addresses of the list.

Safelite operates with the highest ethical standards and supports consumer protections in the areas of choice, quality, safety and convenience. Therefore, Safelite could support the concept of the appropriate state agency maintaining and posting a list of properly licensed personnel and repair shops. Safelite, however, cannot support a concept that would require insurance companies, third party administrators (TPAs), agents and adjusters to provide multiple web site addresses or lists to the insured who files a glass

claim. Not only does this raise constitutional free speech concerns (compelled speech), it will be a disservice to Connecticut policyholders and as such, is bad policy.

Currently, consumers are extremely satisfied with how their vehicle glass claims are processed. As a matter of fact, there are very few consumer complaints filed with the Department of Insurance or the Department of Consumer Protection. However, this would dramatically change if the insurance companies, administrators, agents or adjusters are required to provide the policyholder with either a list of (or website addresses listing) every “...*new car dealers, used car dealers, repairers and limited repairers licensed by the Department of Motor Vehicles that perform automotive glass work and glazier contractors and glazier journeymen licensed by the Department of Consumer Protection to perform automotive glass work.*”¹

For the customer who already has a preference for a repair shop, what purpose does it serve to provide the customer with a list or website with other options? Wouldn't the insured be correct in asking, “Why am I being provided with a web address of repair shops when I just told you I wanted to go to shop X?” It would create confusion, uncertainty, complaints, and completely disrupt the claims process that consumers currently appreciate.

What about the customer who actually walks into his or her glass shop of choice, and when the shop calls the insurance company to file the claim with their customer in the lobby, they are advised that there is a list of other options at the state's websites? How does that help the Connecticut policyholder? Wouldn't that example raise concerns that Connecticut law actually makes it *more difficult* to use their shop of choice? Wouldn't the customer complain that when he or she attempted to go to their shop of choice, they were being told that there are other options?” Ironically, proponents of various glass bills over the years have complained about this very thing.

What if the insured *does not* have a preference of a glass shop? Of what value are the web addresses or lists to them? How are they presented? Alphabetically? Do the lists contain net promoter scores or customer satisfaction indexes? By market share? Will the consumer know whether the shop provides mobile service? Do they also repair windshields or do they only replace them? Will the shop be listed geographically? Will the consumer know if the shop participates in the insurer's network? Safelite is concerned that this requirement will confuse the consumer and disrupt the current claims process that consumers have grown to appreciate and enjoy in Connecticut.

What purported problem is it intended to address? Last September, in a challenge to Public Act 13-67, a unanimous panel of the Second Circuit Court of Appeals found that the “legislation at issue was deigned to benefit Safelite's competitors.” The Court went on to state that it was “skeptical” of the asserted consumer protection interests. What is the substantial state interest HB 6735 is intended to address? Shouldn't that been articulated by the proponents of the bill? It is clear based on statements from the proponents that the state's interest in HB 6735 is the same as its interest in Public Act 13-67—to benefit Safelite's competitors. To address the perception that Safelite has an unfair advantage in the marketplace. Rather than travel down any legal roads again, Safelite remains willing to support a common-sense, consumer focused bill.

¹ See Attachment which is a 138-page list of *Licensed Dealers and Repairers in Connecticut* as set forth at the DMV website: http://www.ct.gov/dmv/lib/dmv/d_r_list.pdf. There is an additional list of 159 individually-named licensed glaziers that would also need to be provided.

Finally, in Safelite's testimony at the hearing on January 31, 2013 related to Public Act 13-67, the company outlined key economic and industry factors that were having adverse impact on the national and Connecticut VGRR industry. Those included financial hardship, high fuel prices, fewer miles driven, weather and fraud. Today the economy has improved, gas prices have plummeted, individuals are driving more, the weather conditions are more conducive to the vehicle glass industry, and fraud is on the decline (but always a factor). Safelite data indicates that since 2013, the number of jobs going to non-Safelite shops in various insurer networks has increase 27% while jobs going to Safelite have only increased two percent.

Safelite can support HB 6735 with certain amendments. The company proposes the following:

1. The state creates one master list that would be maintained by one department or agency on its website;
2. If a Connecticut policyholder does not have a preference for a repair shop, they are advised of the existence of such website, and upon request, are provided with the website address; and,
3. That all persons must be appropriately licensed in order to perform VGRR services and to procure or purchase glass, materials, tools and equipment for the purposes of performing VGRR services.

Safelite's changes to HB 6735 would be a step in the positive direction by:

1. Maintaining the seamless customer experience that exists today and provide for additional consumer protections to assure choice, quality, safety and convenience;
2. Ensuring that only qualified, licensed shops and personnel are recommended by an insurance company, third party administrator, agent or adjuster;
3. Prohibiting an unlicensed individual from purchasing glass, parts, tools and equipment for the purposes of performing VGRR services; and,
4. Leaving the maintenance of one list or web site in the hands of the appropriate state agencies, consumers are assured that the latest and most accurate list is available to them as needed.

Safelite remains committed to protecting the interests of Connecticut consumers and welcomes the opportunity to work with the Joint Committee on Insurance and Real Estate to assure the customer claims experience is not compromised by a bill clearly intended to address competitive concerns in the marketplace.

Sincerely,

Scot Zajic
Vice President, Legislative Affairs
Safelite Group, Inc.