

# MONTANA STATE AUDITOR

JOHN MORRISON  
STATE AUDITOR



COMMISSIONER OF INSURANCE  
COMMISSIONER OF SECURITIES

November 3, 2006

Bruce Halcro  
1006 Euclid Ave.  
Helena, MT 59601

Dear Mr. Halcro:

This letter confirms our receipt of your emails and facsimile, as well as our telephone conversations regarding the interpretation of §33-18-224, Mont. Code Ann, copy enclosed.

Your query deals with (1)(a) and the question of whether the word "use" not only concerns auto repairs, but also estimates. In checking with the legal staff, our answer would be no. A legislative fix would be to amend (8) to include the following language: "Automobile body repair business or location" does include a business or location where insurance estimates are conducted. It is important to note that (1) only deals with first party insureds, not third party claimants.

In an August 30, 2006 email, you had concerns about being provided a list pursuant to §33-18-224(2)(c)MCA. However, that provision of the code applies to an insurance requesting the list. Furthermore, in looking at the email, it appears that the Hartford email provides a list of qualifications. The page provided also appears to be one page of a multi-page document. We would not be able to draw any conclusions without the complete document and a complete review.

You expressed an interest in hiring a lobbyist to maybe work changes in this code. If your organization decides to make changes, you might want to look at (2)(c)(iii) which states: "prevailing competitive market price" versus (4) which states: "lowest prevailing market price". There appears to be a disconnect between these two phrases.

We appreciate your time and courtesy in dealing with these important issues.

Sincerely,

*Carol Roy*  
Carol Roy  
Administrator  
Policyholder Services

January 18, 2006

TO: Committee Members

FROM: Beth Klunder  
Vice-President  
Rocky Mountain Bank

Dear Committee Members:

I am writing to express my concern about the experience I had with Safeco Insurance on an insurance claim that I had on my vehicle.

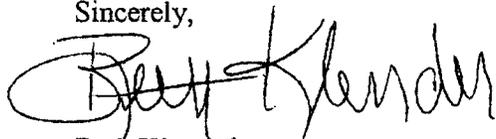
I was given the choice of going to Chassis Works or Big Sky Collision in Billings to have my vehicle inspected by a Safeco Adjuster.

I have handled all of my auto body repair work through Hank's Body Shop for years. I trust them, and know the owner's personally. I do NOT choose to obtain estimates or shop for competitive bids at other body shops in Billings.

I felt it was very inconvenient to drive up to Chassis Works in Billings Heights on icy roads to have my car adjusted. I also felt that I was being "steered" by Safeco to have my car repairs done at Chassis Works.

I felt uncomfortable and out of place at Chassis Works because I was not having my car repaired by them. It would be my recommendation to have Safeco choose a "neutral" location for their claims representatives in the future.

Sincerely,



Beth Klunder

4580 Laredo Place  
Billings, MT 59106

January 17, 2007

**Re: Vehicle Repair**

To Whom It May Concern:

The purpose of this letter is to alert the legislature to a practice that is occurring in Billings, MT. My understanding of Montana law is that people have a choice of body shops for vehicle repair and that multiple estimates of repair are not required.

In December 2006 I unfortunately experienced a minor, vehicle collision and was instructed by my long-term insurance agency, Safeco Insurance, to make an appointment with Big Sky Collision Center in Billings for a claims adjuster to prepare an estimate of the damages to my vehicle. I had already contacted Track Side Auto Body & Glass, my preferred company, in Billings for an appointment for an estimate and repair of my vehicle. The estimate at Big Sky Collision Center took an hour of my time which I felt was unnecessary since I had no intention of authorizing that body shop to perform the repair. Following that appointment, I went to Track Side Auto Body & Glass for another estimate and to schedule the repair. This was duplicated effort on my part and a waste of time for Big Sky Collision Center. In fact, their estimate neglected to include all of the damage, and Track Side Auto Body had to follow-up with the estimator for approval on additional repairs.

I am concerned that insurance companies can require insureds to obtain vehicle damage estimates at a specific body shop with the implication that is the only "approved" site. Doesn't that practice circumvent the law of free choice in automobile repair? Thank you for your consideration.

Sincerely,



Phyllis A. Jenkins

On December 15, 2006 I was going to my fathers house who had just passed away, about 6 miles from his house I hit a Bull Elk that was on the road. It was a unavoidable because of an on coming car and the fact that it was completely dark. There was a consierable amont of damage done to the right front of my 2004 Chevy pickup. I called Farmers Insurance the next morning. I got the claim going and they told me I could use any Body Shop I wanted to, but they had their preferred body shops. I got some estimated from the shops I wanted to go to. I called claime adjuster and he said he would have to see my pick up before I could go to Track Side Auto Body Shop. I told him I was working 6 days a week 8 to 10 hours a day. I also told him where my pick up was all day and he got come and lood at it. He told me I would have to be there for him to look at my pickup. I did get a day off and went to Farmer Claims Office and was told that my claime adjuster was out that day and nobody else was available to look at my pickup and really pushed their preferred shops to take my truck to geted fixed. I just had to drop off my truck and they would get started on fixing it right away. Between working and trying to put together a furenal service for my father I finally got mad and went to one of Farmers preferred shops and got my truck fixed. When I got my truck back it looked nice, but the first time I washed it the hood was scratched. I was really disappointed that I did not go to who I wanted to go to and used one of Farmers preferred shops. If I can go to any shop, it should not be sol hard to go the body shop I want to go to withour a adjusted looling at my truck. From the estimates I got there was not much difference in the prices.

Thank you for your time

*Deborah Senn*

Deborah Senn  
January 17, 2007

Dear Committee Members:

I would like to urge you to pass the amendments to SB 204. Allowing insurance companies to set up shop in independent repair facilities is steering and interferes with free trade. When a Safeco, USAA, or Hartford customer comes into my shop for an estimate, I must tell them they have to get their estimate at another body shop. I will never see many of these potential customers back in my shop. I have no idea how many customers I have lost because of this process. Also, to my knowledge, I am only aware of the 3 companies I mentioned doing this, there might be others that I will not get a chance to see. What would stop other companies from following this same procedure if these companies are allowed to continue? What will happen to free enterprise then?

Gratuity? Safeco specifically is not paying the body shop rent to give their adjusters space in the shop facility. Is this gratuity, or is the payment for being in the body shop more vehicles to repair since they are requiring insureds and claimants to come to their facility?

I have also included a few letters from consumers expressing their feelings of intimidation by not being allowed to choose a shop of their choice.

I ask that you please consider our letters and please pass the amendments.

Thank you for your consideration,

Brian Stein



Track Side Auto Body  
2012 1<sup>st</sup> Ave. North  
Billings, MT 59101  
406-256-8366

Date: January 17, 2006

Re: Auto insurance/body shop recommendations

In 2005, my car was involved in an accident where I was not at fault. When the other party's insurer contacted me they urged me to go to a particular auto company here in town as it was their "body shop of choice". I went there first and they gave me a bid for \$2100 for repairs. I went to another shop and was given a bid of \$1700. I called the insurer and told them their recommended shop was higher by 24% on the bid. They said that was still fine and to go to that shop for the work. I declined and got the work done for \$1700 and called the insured party and told them of the conversation.

Mike Dimich

406-252-9355

Billings, Montana

# Automotive Service Association State Legislative Objectives

(Jan. 1, 2007-Dec. 31, 2007)

## I. Monitor State Legislation and Regulations

A. The Washington office will advocate positions before state legislatures and agencies in support of or in opposition to legislation or regulations as directed by the ASA board of directors.

B. The Washington office will submit testimony, when appropriate, in favor of or in opposition to proposed legislation and regulations.

C. The Washington office will develop favorable new legislation and seek sponsors and supporters both inside and outside the state legislature.

D. The Washington office will study, evaluate and report on all new legislation for its potential impact on ASA members.

E. The Washington office will garner grassroots support from ASA members and other interested parties on issues of principal concern.

F. The Washington office will develop industry coalitions to assist ASA members in state legislative and regulatory activity.

## II. Develop a Position and a Lobbying Strategy for Important Legislation

The Washington office will recommend positions and advocacy strategies for legislation that has been introduced or for any new proposals to be supported or opposed by ASA.

### A. Insurance Reform

1. ASA supports state legislation that provides that no motor vehicle insurance policy may require the insured to use a particular repair facility for repair services.

2. ASA supports state legislation that prevents insurance com-

panies from requiring the use of replacement crash parts unless the vehicle owner consents in writing.

3. ASA opposes state legislation that allows insurance companies to offer policyholders the option of purchasing policies that provide that only certain repair facilities will be used in the event of a claim in return for reduced premium charges.

4. ASA opposes insurance companies having an ownership interest in repair facilities.

5. ASA supports removing the cost of repairing, replacing or reinstalling inflatable safety restraints from the total cost of repairs to rebuild or reconstruct a vehicle.

### B. Vehicle Safety and Emissions Inspections

1. ASA supports legislation that encourages states to adopt safety and inspection programs, combined with vehicle emissions inspection programs, where feasible.

2. ASA supports effective state vehicle emissions inspection and maintenance programs tailored to meet each state's unique requirements.

### C. Clean Air Issues

1. ASA supports state legislation that limits the sale and distribution of automotive refinish products to those repair facilities with the proper training and equipment necessary for the safe and environmentally sound use of those products.

2. ASA opposes state legislation promoting accelerated vehicle scrappage programs in instances where older, high-emitting vehicles can be identified and adequately repaired except if a repair option exception is included in the scrappage proposal.

### D. Miscellaneous Legislation

1. ASA opposes state legislation that attempts to limit the payment plans by which automotive technicians are compensated.

2. ASA opposes state legislation that requires automotive repair shops to provide long-term warranties on labor and parts.

3. ASA supports state repair shop licensing that includes – but is not limited to – technician training and equipment requirements.

4. ASA opposes state legislation that would require motor vehicle repair businesses to give all customers a firm estimate of the time and money required to complete repair jobs.

5. ASA supports state incentives for training and apprenticeship programs.

6. ASA supports legislation and regulations that create affordable business liability, health and worker compensation programs.

## III. Develop a Long-Term Grassroots Education Program

A. The Washington office will work with the national office to disseminate information to ASA members to enhance ASA's advocacy efforts.

B. The Washington office will use new technologies to reach members and inform them of opportunities for grassroots lobbying activities.

C. The Washington office will conduct state education activities to enhance independent repair state positions. The Washington office will develop targeted state initiatives to advance ASA national legislative policies.

ASA encourages the independent automotive repair industry to use ASA's legislative and regulatory Web site, [www.TakingTheHill.com](http://www.TakingTheHill.com).

