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Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2007-08

(session year)

Assembly

(Assembly, Senate or joint)

**Committee on ... Insurance
(AC-In)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt**
- Clearinghouse Rules ... **CRule**
- Hearing Records ... bills and resolutions
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Date: Mon, 04 Jun 2007 09:04:18 -0700

From: LydenAutoBody@centurytel.net 

To: info@wactal.com

Subject: Contact WACTAL

Below is the result of your feedback form. It was submitted by (LydenAutoBody@centurytel.net) on Monday, June 04, 2007 at 09:04:18

FirstName: Jeff

LastName: Lyden

Title: Service Mgr./Estimator

Organization: Lyden Auto Body, Inc.

Address1: 25177 US Hwy 12

City: Tomah

State: wisconsin

ZipCode: 54660

Country: usa

TelephoneNumber: 608-372-2900

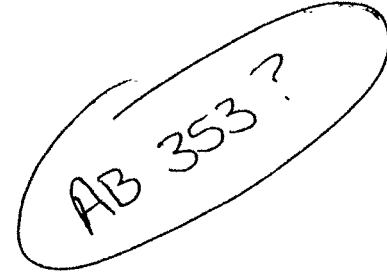
FaxNumber: 608-372-2980

QuestionsComments: The following customer advised me that her insurance company was trying to steer her to a shop other than our shop. Her insurance companay is Progressive. She stated that you may contact her regarding this. Her information is the following:

Vicki Nemitz
W2162 Cty Rd HH
Warrens, WI 54666
608-378-4987

Thank you,

Jeff Lyden



AB 353?



June 29, 2007

Glenn's Auto Body
200 W. St. Paul Ave.
Waukesha, WI 53188

AB 353?

Glenn:

I just wanted to reiterate the history of the insurance claim that has brought me to your door for body work on my 1999 Mazda.

My car was parked at a repair facility when another customer of that facility backed into it. That customer's insurance company, Allied Insurance, called to discuss the claim.

I had already received an estimate from your company, and I had already decided I wanted you to do the work.

I told the agent my decision to have the repairs done at Glenn's Auto Body in Waukesha and offered a copy of the estimate. The agent told me he understood that I had already made up my mind, but he still had to read through a script concerning the repairs.

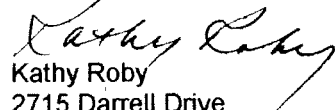
He asked several questions about the repair including what was damaged, where I was considering having it repaired, etc. He then told me that if I took it to one of their preferred service centers (which I have used in the past, but will not use again), I would not have to deal with estimates or an adjuster or any paperwork. I declined. He then stated that I would have to meet with an adjuster who would call me later in the day.

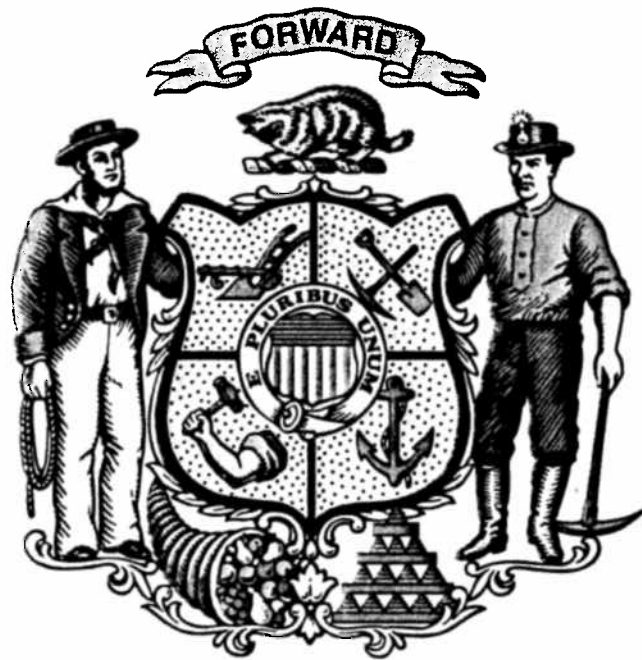
That adjuster met with me that afternoon and when I told him I already had a quote from Glenn's Auto Body, he stated that it didn't matter to him, but that all body shops used the same kind of paint and they all use the same process. A check was issued to me for the body work that was \$104 less than your estimate. He also said that if there were any problems with that number he would be work it out with you.

After talking to you, I agreed to have the work at your shop and you will deal with the adjuster and his estimates of the time needed for repair and the supplies needed to affect the repair.

I will see you the week of the 9th to complete this repair.

Sincerely,


Kathy Roby
2715 Darrell Drive
Waukesha, WI 53188
262-650-0179



FRANK LASEE
ROOM 105 WEST
STATE CAPITAL
P.O.BOX 8952
MADISON, WI 53708

JULY 3, 2007

AB 353?

MR. LASEE,

WE STARTED DAVE'S BODY SHOP 25 YEARS AGO, AS OWNER OPERATOR, AND IS STILL THAT WAY TODAY. WE DO QUALITY WORK AT A FAIR PRICE.

IN RECENT YEARS WE HAVE SEEN INSURANCE COMPANIES INSISTING THAT OUR CUSTOMERS, AND THEIR INSURED'S TAKE THEIR VEHICLES TO BE REPAIRED WHERE THE INSURANCE COMPANIES DICTATE.

WHEN A PERSON BUYS INSURANCE, THEY ARE INSURED THAT THEIR COLLISION REPAIR WORK CAN BE DONE AT HIS OR HER REPAIR SHOP OF THEIR CHOICE. BUT THIS IS NOT OFFERED BY THE INSURANCE COMPANY, THE INSURED INSTEAD IS STREAMLINED TO A REPAIR SHOP THAT IS MOST OFTEN NOT THE INSURED'S CHOICE.

INSURED ARE TOLD THEY MUST GO TO ONE OF THE REPAIR SHOPS ON THE INSURANCE COMPANY'S LIST. INSURED'S ARE ALSO TOLD THAT THE REPAIRS WILL COST MORE AND THAT THE REPAIR WORK WILL NOT BE GUARANTEED UNLESS THE CAR IS REPAIRED WHERE THE INSURANCE COMPANY DICTATES. MOST PEOPLE GET SCARED AND ARE INTIMIDATED BY THIS AND GO WHERE THEIR INSURANCE COMPANY DEMANDS.

LOW COST SHOULD NOT BE THE ONLY FACTOR CONSIDERED IN AN AUTO BODY REPAIR. IN MANY INSTANCES, UNDER THE GUIDELINES SET OUT IN THE DIRECT REPAIR CONTRACT, REPAIR SHOPS ARE REQUIRED TO UTILIZE INFERIOR PARTS SUPPLIED BY THE INSURANCE COMPANY. THIS PRACTICE OF PLACING THE COST OF REPAIRS OVER QUALITY, FAVORS THE INSURANCE COMPANY'S BOTTOM LINE OVER THEIR INSURED'S SATISFACTION AND SAFETY.

WE HEAR ABOUT CUSTOMERS, WHO HAVE STOOD UP AND DEMANDED TO HAVE REPAIRS DONE AT THE SHOP OF THEIR CHOICE. BUT MANY CUSTOMERS DO NOT EVEN REALIZE THEY CAN MAKE SUCH A DEMAND. MANY TIMES WE WERE NOT EVEN GIVEN THE OPPORTUNITY TO PROVIDE AN ESTIMATE FOR OUR CUSTOMER, BECAUSE OF THIS STREAMLINING.

I AM HOPING THAT YOU MAY BE ABLE TO REQUIRE INSURANCE COMPANIES TO INFORM THEIR INSURED'S THAT THEY HAVE THE OPTION TO GET THEIR VEHICLES REPAIRED AT THE SHOP OF THEIR CHOICE. INSURED'S WILL CHOOSE A REPAIR SHOP THAT THEY TRUST TO PERFORM QUALITY REPAIRS OVER COST -CUTTING REPAIR SHOPS.

PLEASE SUPPORT AND CO-SPONSOR THIS LEGISLATION, WHICH PROVIDES A CHOICE IN AUTO BODY REPAIRS . IT WILL CLEARLY TELL CUSTOMERS "WISCONSIN LAW PROHIBITS AN INSURANCE COMPANY FROM REQUIRING THAT MOTOR VEHICLES REPAIRS BE MADE BY A PARTICULAR REPAIR SHOP; THE

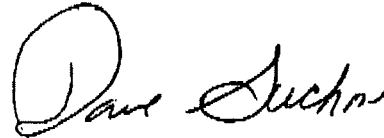
CUSTOMER HAS THE RIGHT TO CHOOSE THE REPAIR SHOP.”

ASSEMBLY BILL 353 AND SENATE BILL 181 ARE BOTH UP FOR HEARINGS ON WEDNESDAY JULY 11, 2007.

I ASK YOU TO CO-SPONSOR CONSUMER CHOICE IN AUTO REPAIRS-LRB 1902/2, WHICH GIVES CUSTOMERS A CHOICE IN AUTOMOBILE COLLISION REPAIRS.

PLEASE HELP US ON THIS ISSUE OF FAIRNESS AND QUALITY AS WELL AS SAFETY FOR THE INSURED VEHICLE OWNERS. PLEASE GIVE THEM THE CHOICE THEY DESERVE AND THAT THEY ARE ENTITLED TO. BY DOING THIS YOU ALLOW THEM TO GET QUALITY AND SAFETY THEY CAN TRUST AND BELIEVE IN.

THANK YOU SO MUCH FOR YOUR TIME AND I LOOK FORWARD TO HEARING FROM YOU ON THIS ISSUE.



DAVE SUCHON
DAVE'S BODY SHOP
825 PARK STREET
STEVENS POINT, WI
54481
715-345-1224

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TO: FRANK LASEG

RE Assembly Bill 353 - Sent Bill-181 LRB-1902/a

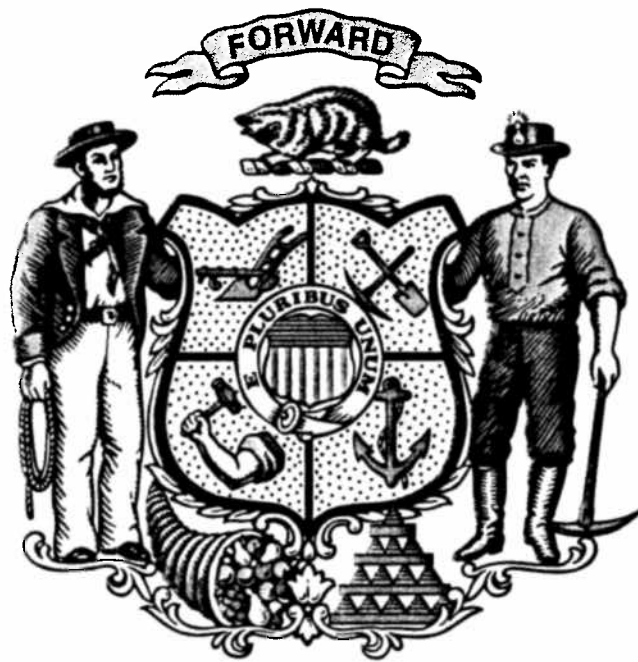
FROM: DAVE'S BODY SHOP

FAX: 17153451248

TEL: 17153451224

2 PAGE(S) TO FOLLOW

COMMENT:



July 10, 2007

Representative Frank Lasse, chair
Assembly Committee on Insurance

Senator Roger Breske, chair
Senate Committee on Transportation, Tourism, and Insurance

Dear Honorable Lasee and Honorable Breske:

Regretfully I'm unable to travel to Madison on July 11th to take advantage of the opportunity you're providing to testify on AB 353 and SB 181. However, my recent experience reinforces my belief that AB 353 and SB 181, which would give consumers the right to decide who repairs their vehicle, should be passed into law. I ask that you and your respective committee members vote in favor of AB 353 and SB 181.

Please accept this letter and the following details of my recent experience in lieu of my actually testifying.

Last month a woman insured with Liberty Mutual backed into my parked van. My van sustained minor damage to the front bumper.

A representative from Liberty Mutual contacted me to obtain information about my vehicle, confirm what happened, and inquire if I would be submitting a claim.

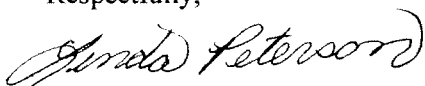
Peterson Auto Body wrote an estimate which was emailed to Liberty Mutual along with pictures of the damage. I called Liberty Mutual to find out what was happening. The Liberty Mutual representative stated I must get an estimate from a Liberty Mutual preferred shop. I then called Liberty Mutual back speaking to the same person I spoke to initially and was told Liberty Mutual would not process a claim unless I went to one of their sites.

I took my van to a Liberty Mutual preferred shop requesting the estimate be written with a new OE front bumper. The shop estimator stated he would not submit an estimate written with a new bumper stating the insurance company would not accept it.

I received a phone call from the Liberty Mutual preferred shop stating they were calling on behalf of Liberty Mutual to set up an appointment for the repairs. This call was made shortly after the preferred shop wrote the estimate. I hadn't even gotten home before the call was made.

As of July 10, 2007 I've had no further contact with Liberty Mutual and I'm not sure of the status of my claim.

Respectfully,



Linda Peterson
New Berlin, WI



JJS Auto Body Clinic511 22nd Av
Cumberland Wi 54829Phone (715) 822 2600
Fax (715) 822 2621

July 11, 2007

Chairman Frank Lasee
Asssembly Committee on Insurance

Dear Chairman Lasee,

I am writing to you on behalf of The Indianhead Auto Body Association. We are a group of Body Shops in northwestern Wisconsin. We represent over 25 body shops in this part of the state. We are one hundred percent in favor of Assembly Bill 353. Unfortunately we are unable to send someone to represent us at the committee hearings on Wed. July 11th.

We believe this legislation is critical for our industry. Small businesses like mine are hurt when our customers are told that they have to have their vehicles repaired at a different shop of the insurance companies choosing. Most often these shops are chosen by their willingness to give price concessions in exchange for a promise of a larger volume of work directed to them by the participating insurance company.

I will tell you about two specific examples that have happened to my shop. The first example is a past customer named Frank. He was involved in an accident and notified his insurance agent. When he was contacted by his insurance company he was told he had to take his vehicle to a shop fifteen miles away to have it repaired. We did not hear about the incident until after the vehicle had already been repaired. When we informed Frank that his company was just using strong arm tactics he was outraged! We lost a repair job from a previously loyal customer who was unfairly scooped away from our shop. The second incident involved Matt. Matt was involved in an accident and came to us for an estimate because he had been happy with our service in the past. He had another time been told by his insurance Company he had to take his vehicle to a shop of their choice. The shop the insurance company sent him to started repairs immediately but then delayed finishing the job to begin repairs on other vehicles sent to them by the insurance company. Matt was not happy with this arrangement and gave us the repair job because he knew we would tie up his vehicle the least amount of time.

These are some examples that we know of, what about other past or potential customers do we not know about because their insurance company steered them somewhere else? Our association believes that your committee should send this legislation to the full Assembly for their consideration.

Sincerely,

Brian Keeler



Rep. Van Roy Testimony
Substitute Amendment to AB 353 / SB 181
Consumer Choice in Auto Repairs
July 11, 2007

Thank you Chairman Lasee and fellow members of the committee. I appreciate you taking the time to hold a hearing on this important consumer choice legislation. As you were informed prior to the hearing, my comments will be addressing the substitute amendment which I have introduced to address some concerns that have already been raised by the insurance industry.

When you buy auto insurance and get in an accident, you expect that you should be able to get your car repaired wherever you want. Unfortunately, that is not always the case. Consumers in Wisconsin and across the nation are complaining about aggressive steering practices by some auto insurance companies.

Some insurance companies are flatly refusing to cover repair costs not done at shops approved by them. Some have gone so far as to tow a customer's car, without the owner's consent, from the repair shop chosen by the individual to a repair shop chosen by the insurance company. Sometimes they are more subtle in their approach. They give you a list of their preferred shops and say here is where you can go to have your car fixed, making you think these are your only options. Or they may say that if you don't go to a repair shop chosen by them that the repair work will be delayed, will cost more, will be of inferior workmanship and quality, or will not be guaranteed. The goal is to steer you away from your chosen repair shop to a place the insurance company wants you to go.

There are SIX components to my bill:

FIRST: Current Wisconsin law expressly prohibits auto insurance companies from requiring customers to go to certain repair shops to have damaged glass repaired or replaced in their vehicle. My bill expands that language to cover **all** repairs to a motor vehicle, not just glass repairs.

This provision of the bill is to provide greater consumer protection.

The SECOND component states that: "Wisconsin law prohibits an insurance company from requiring that motor vehicle repairs be made by a particular repair facility; the consumer has the right to choose the repair facility." It requires this notice to appear in writing in two places: 1) On the top of all motor vehicle repair estimates, and 2) On a sign posted inside auto body repair facilities or auto insurance claim centers.

This provision of the bill is to ensure that consumers have knowledge of their rights.

The THIRD component requires that when a person files a claim for repairs, the insurance company must orally inform the consumer of their right to have the vehicle repaired wherever the individual chooses and that the insurance company will pay the reasonable cost to fix the vehicle.

This provision in the bill is to ensure that consumers have knowledge of their rights.

The FOURTH component of the bill requires the insurance company to ask the consumer if he or she has selected a repair shop to repair the vehicle. Depending on the answer, there may be restrictions.

If the consumer says anything like: I have not made up my mind, I don't know where to go, I can't decide between Jim's Auto Body or Frank's Auto Body, do you have any suggestions or recommendations, where do most people take their cars, where would you take your car for repairs, or anything that indicates the person has NOT made a choice, then the insurance company is free to provide **any and all** information to assist that consumer with making a decision, including promoting the use of a repair shop that participates in the insurance company's direct repair program.

If the person says yes, I know where I want my car fixed, or I want to take my car to Jim's Auto Body on Main Street, or any other statement indicating that a final decision has been as to where to fix the car, then the insurance company must immediately honor that consumer's choice and not attempt to change the person's mind.

This provision in the bill is to prevent aggressive steering and pressuring tactics and to ensure consumer choice in auto body repair-work.

The FIFTH component of the bill fully recognizes and authorizes insurance companies to contract with repair shops for reduced rates under a direct repair program. It also fully recognizes and authorizes insurance companies to negotiate reduced rates on a case-by-case basis with repair shops that are not part of their direct repair program.

However, in instances where contracts and negotiations have not been made, the bill requires the insurance company to pay the entire cost of the auto repairs up to, but not exceeding, the market rate on that repair, on that type of car, in that geographic area.

This provision in the bill is to guarantee that an insured gets the full benefit of their insurance plan. A consumer should not have to pay the difference between the actual market rate of fixing the car versus the below-market rate the insurance company would have paid to a direct repair shop had the consumer chosen to go there.

Illustrations: Direct Repair Plan Rate: \$60 VS. Going Market Rate: \$100

- Auto Body Shop 1 charges \$110 for the repair --- The insurance company would pay \$100 ("entire cost of the repair up to but not exceeding the same rate the general public pays...") and the consumer would have to pay the other \$10.
- Auto Body Shop 2 charges \$85 for the repair --- The insurance company would have to pay \$85 (the "entire cost of the repair") and the consumer would pay \$0.

The SIXTH component of the bill makes clear that that an insurance company has the right to inspect a vehicle in need of repair. However, it does not require an insurance company to inspect a vehicle.

This provision was added at the request of an insurance company to clarify their rights.

The bottom line is that even though in theory consumers have the choice to have their car repaired where they want, the reality is that this is not always happening in practice. The consumer complaints about aggressive steering and pressuring tactics are identical from state to state. They are even working on anti-steering legislation in Australia. Based on some preliminary research, at least a dozen other states have passed similar legislation, and at least 6 other states are working on it.

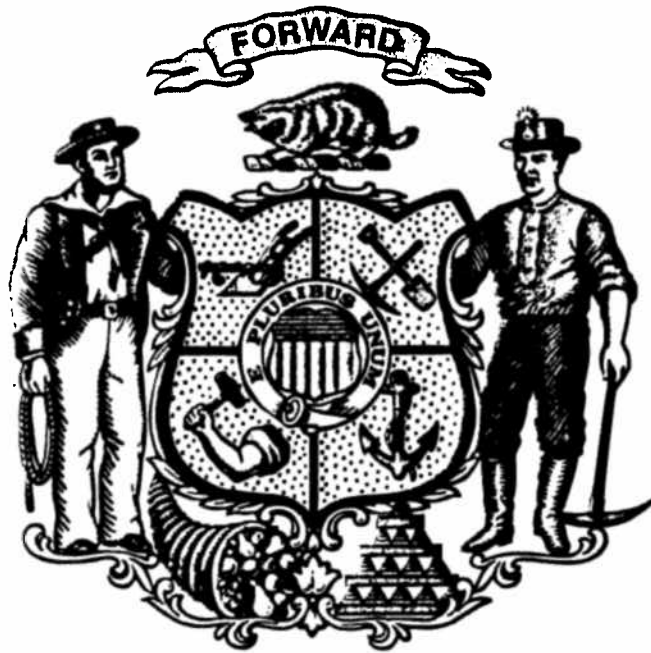
Some states have gone so far as to completely ban insurance companies from forming direct repair or preferred provider networks at all. I don't believe we should go that far, but it is definitely time for Wisconsin to put some much needed safeguards in place to protect consumers and make sure they have real choice.

Known Supporters:

- Independent Glass Association
- Wisconsin Independent Businesses
- Wisconsin Automobile & Truck Dealers Association
- Wisconsin Auto Collision Technicians Association

Correcting false claims that have been made about this bill

- The bill does not prohibit direct repair programs.
- The bill does not prohibit negotiating reduced rates for repairs.
- The bill does not require insurance companies to pay the "highest rate."
- The bill has absolutely nothing to do with the use of aftermarket, generic or other parts versus original equipment manufactured parts.
- The bill does not prohibit nor does it require an insurance company to inspect a damaged vehicle.





AMERICAN FAMILY INSURANCE GROUP

3232 NORTH BALLARD ROAD • APPLETON WI 54913-2639 • PHONE: 920-739-5514; FAX: 920-739-8407

Mailing Address: PO BOX 2639 • APPLETON WI 54912-2639

August 8, 2007

*File -
Thank you for the feed back -
etc.*

STATE REPRESENTATIVE FRANK LASEE
WISCONSIN STATE CAPITOL
PO BOX 8952
MADISON WI 53708

Dear Representative Lasee:

Thank you for the opportunity to testify before the Assembly Insurance Committee on Assembly Bill 353. It was an honor to explain our direct repair program at American Family Insurance and its strong focus on providing our policyholders prompt, high-quality repairs following an accident. I also appreciated the opportunity to explain American Family's strong opposition to the bill, a position which is unchanged.

I also believe it is important to correct a false statement made during hearing testimony delivered by Brady Jacobson, president of Schaller Jacobson Auto Body in La Crosse.

Schaller Jacobson Auto Body was formerly in our direct repair program. When asked by the committee why his shop was no longer in our program, Mr. Jacobson responded that he left voluntarily out of concerns that we allegedly asked him to perform substandard work.

Nothing could be further from the truth. In 2002, American Family dropped Schaller Jacobson Auto Body from our direct repair program because its pattern of performance did not meet our standards for quality and other program criteria.

American Family understands the importance of delivering on the promises we make in our insurance policies – including offering high-quality repairs through our direct repair program. It also means giving our customers a choice about where they have their cars repaired. Our people, policies, business practices and culture all work together to provide strong service to our customers.

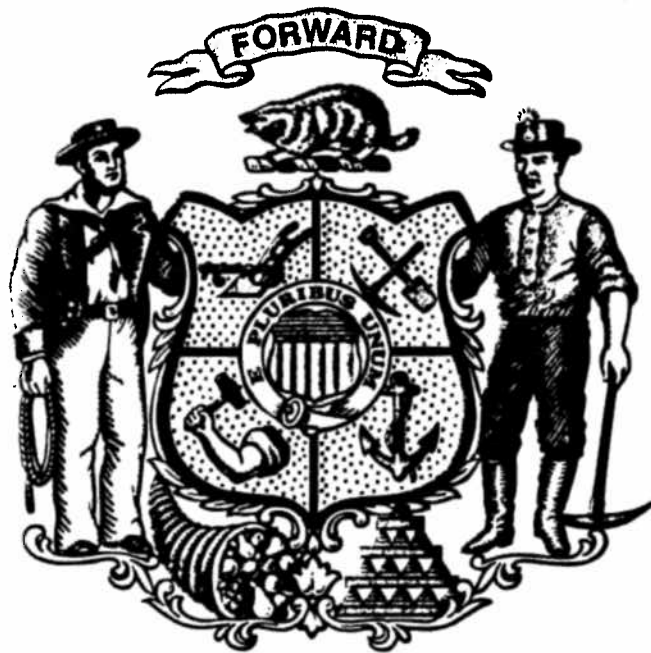
Thank you for your time and attention during the hearing, and for your careful consideration of the bill.

If you have any questions, please contact me at 920-739-5514 ext. 40241.

Sincerely,

Chuck Fravel

Chuck Fravel
Customer Repair Program Field Manager
American Family Insurance





WISCONSIN LEGISLATURE

P.O. BOX 8952 · MADISON, WI 53708

August 9, 2007

Commissioner Sean Dilweg
Office of the Commissioner of Insurance
PO Box 7873
Madison, WI 53701-7873

Dear Commissioner Dilweg:

Re: Auto Repair Options

As you are aware, we have before our committees pending legislation, which would impact the way in which auto insurers interface with consumer in facilitating auto repairs.

During the course of public testimony on SB 181 and AB 353, there was testimony regarding the types of information consumers receive from “call centers” when they are seeking insurance coverage for auto repair. Some of the testimony suggested that some insurers might be misrepresenting information to consumers regarding the scope of warranties provided by auto repair shops outside of their direct repair programs and/or the amount of time necessary to facilitate repairs by repair shops outside their direct repair programs.

We would like to better understand what is happening in the marketplace relative to the way in which these claims are being managed. Toward that end, we would appreciate your considering contacting the top 20 writers of personal lines auto insurance in the state of Wisconsin, and these specific insurers, Liberty Mutual, Progressive, Farmer’s and Allstate, which were mentioned more than once at the Public Hearing, in conducting the following survey:

- 1) Do they offer to claimants an option of a direct repair program?
- 2) When responding to a consumer inquiry, do they use the same procedure in responding to a call from their customer (first party claim) or a claimant (third party claim)?
- 3) Do they use a scripts and/or talking points in responding to consumer inquiries? If yes, please provide copies of the appropriate scripts/talking points to your office.

Once you have this information in hand, we would appreciate your providing us with your evaluation of those scripts and your comment relative to whether or not insurers utilizing those scripts are in compliance with INS 6.11. More specifically, we question whether an insurer is in compliance with that rule if they advise that a warranty provided by a repair shop outside of their direct repair program is inferior to the warranty they provide without having knowledge of the specific warranty being offered by the repair shop. Similarly, we’re interested in your evaluation

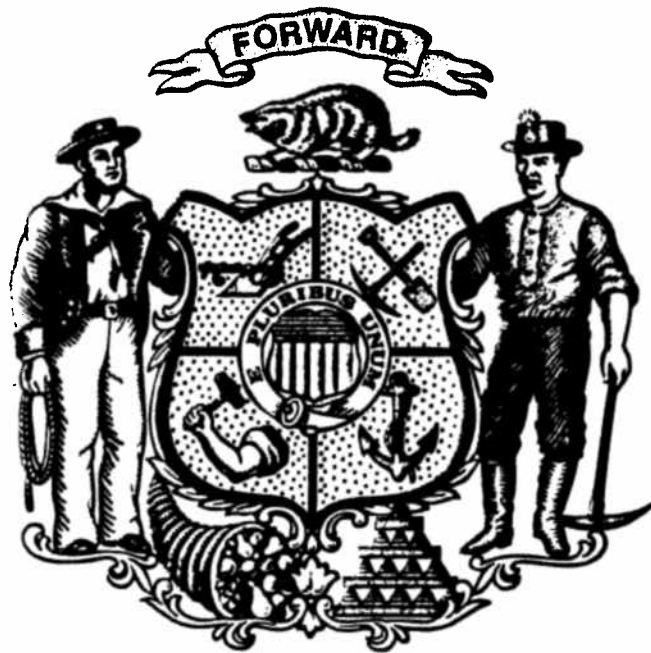
of how insurers provide information to consumer on the “length of time for repair” for auto body shops outside of their direct repair program. Are insurers in compliance with the applicable sections of INS 6.11 when they provide information to consumers on the length of time for repairs should the consumer elect to have their car repaired outside the insurers DRP?

Thank you for considering this request.

Respectfully Submitted,

State Senator Roger Breske
12th Senate District
Chair
Senate Committee on
Transportation, Tourism and Insurance

State Representative Frank Lasee
2nd Assembly District
Chair
Assembly Committee on Insurance



ATTN. Ianya -

AB 353 ?

**Attachment
SCRS Press Release - Steering and Suppressed Labor Rates
November 19, 2007**

May 24, 2007

Dear Insured/Claimant,

██████████ is pleased to issue you a check for the repairs to your vehicle. Attached is a list of shops that will do repairs for the labor rates listed in the appraisal we have provided to you.

Of course, you may choose any shop to repair your vehicle. Unfortunately, due to the limited competition among ██████ repair shops, some repairers are compelled to charge inflated labor rates and repair costs.

A common ploy is to add additional costs without informing you, and then tell you that the vehicle will not be given back to you unless the additional amounts are paid. Please be aware that this unscrupulous practice exists and to protect you the best option is to make sure the shop fully agrees to the labor rates in ██████ appraisal before work is commenced. This will eliminate any unpleasant surprises that will undoubtedly lead to delays and frustration.

The list is provided to guide you to the ██████ shops that we know do not inflate repair costs or engage in unscrupulous practices. If you choose a shop that inflates the repair costs, those additional charges are your responsibility.

We appreciate your business and hope that your experience with your claim has been positive. If you have any questions about this letter, please contact your claim representative for additional information.

Sincerely,

██████████





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Dilweg, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ociinformation@wisconsin.gov
Web Address: oci.wi.gov

January 7, 2008

THE HONORABLE ROGER BRESKE
THE STATE SENATE
316 S STATE CAPITOL
MADISON WI 53702

THE HONORABLE FRANK LASEE
THE STATE ASSEMBLY
105 W STATE CAPITOL
MADISON WI 53702

Frank

AB 353
Folder

Re: Auto Repair Options

Dear Senator Breske and Representative Lasee:

The Senate Committee on Transportation, Tourism and Insurance and the Assembly Committee on Insurance has asked the Office of the Commissioner of Insurance (OCI) to collect information about the claims adjudication practices of auto insurers concerning claims involving auto body repair with respect to the insurer's policyholders and third-party claimants.

The OCI surveyed the 30 largest writers of personal auto insurance in Wisconsin asking them to provide OCI with the information claimants receive from call centers and claims adjusters when they are seeking insurance coverage for auto repair. Twenty-seven insurers responded that when settling an auto insurance claim, they offer the insured and/or third-party claimant an option of a direct repair program. Three insurers do not have a direct repair program in place. Appendix 1 is a table listing the 30 insurance companies surveyed, their response to whether or not they have a direct repair program and the number of shops in Wisconsin that participate in the direct repair program.

In your letter you identified three questions to use in the survey. The following is a summary of the responses we received from each of the insurers.

Your letter also requested that we contact these specific insurers: Allstate Insurance Company, Farmer's Insurance Company, Liberty Mutual Insurance Company and Progressive Insurance Company. Appendix 2 is each of these insurers response to your questions.

- 1) When settling an auto insurance claim, does the insurer offer the insured and/or third-party claimant an option of a direct repair program? How does

the adjudication process differ if the claimant does not choose to participate in the program?

All of the insurers responded that a written estimate is required to verify damages. If the customer chooses to use a non-direct repair facility they may get an estimate(s) from the shop of their choice and the insurer will work with the shop to reach an agreed repair price, they may have their vehicle inspected at the insurer's drive-in facility or the vehicle may be inspected by a company claim's representative or an independent appraiser. There is no statutory prohibition against insurers forming relationships with auto repair facilities under the guise of a direct repair program.

- 2) When responding to a consumer inquiry, do insurers use the same procedure in responding to a call from their customer (first-party claim) or a claimant (third-party)?

Twenty-six insurers responded that first-party and third-party claims are handled in an identical fashion. Two insurers said that the information taken from both parties (facts of loss) would be the same. The way the claim would be handled would depend on the liability of the claimant. Two insurers said that in cases of clear liability first-party and third-party claims are handled the same. In cases where comparative negligence is a factor, the insurers do not recommend the direct repair program to the third-party claimants.

- 3) Do insurers use a script and/or talking points in responding to consumer inquiries? Insurers were asked to provide a copy of the appropriate scripts/talking points.

Fifteen insurers use a script and or/talking points in responding to consumer inquiries. The customer is told that they are free to choose their own repair shop and only they can authorize repairs. The insurer then discusses the benefits of the direct repair program.

After reviewing the scripts we found no evidence that insurers advise customers that a warranty provided by a repair shop outside of their direct repair program is inferior to the warranty they provide. After informing the customer that they are free to choose any repair shop they explain the direct repair process and the benefits associated with the program. Insurers offer a warranty as one of the benefits of using the direct repair program. Another benefit of the direct repair program is that it allows the direct repair facility to write the damage estimate and forward it to the insurer. The customer does not have to spend time getting estimates for repairs.

Your letter requested that OCI review which property and casualty companies that the agency has fined or otherwise penalized over the last 18 month period and what company violation caused OCI to take the action. From the period including January 1, 2006 through December 7, 2007, OCI fined 11 Companies

January 7, 2008
Page 3

for violations including failure to respond to inquiries from OCI; issuing improper non-renewal or mid-term cancellation of policies; and allowing an agent to submit applications prior to agent appointment. The total fines levied were \$19,500 and individual amounts ranged from \$500 to \$8,000. Appendix 3 contains the complete list of company actions.

If you have any questions or wish to further discuss our findings please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sean Dilweg', with a long horizontal flourish extending to the right.

Sean Dilweg
Commissioner

Appendix 1

Insurer	Use a Direct Repair Program (DRP)	Number of Shops in DRP
ACUITY, A Mutual Insurance Company	Yes	336
AIG National Insurance Company	Yes	20
Allstate Insurance Company	Yes	54
Allstate Property & Casualty Insurance Company	Yes	54
American Family Mutual Insurance Company	Yes	199
American Standard Insurance Company	Yes	199
Auto Club Insurance Association	Yes	96
Badger Mutual Insurance Company	Yes	85
Erie Insurance Company	Yes	29
Farmer's Automobile Insurance Association	No	0
Farmer's Insurance Exchange	Yes	19
GEICO General Insurance Company	Yes	27
General Casualty Insurance Company	Yes	213
Integrity Mutual Insurance Company	Yes	15
Progressive Classic Insurance Company	Yes	95
Progressive Northern Insurance Company	Yes	95
Progressive Universal Insurance Company	Yes	95
Regent Insurance Company	Yes	213
Rural Mutual Insurance Company	Yes	170 approx.
Safeco Insurance Company of America	Yes	11
SECURA Insurance Company	No	0
Sentry Insurance A Mutual Company	Yes	93
State Auto Insurance of Wisconsin	Yes	86
State Farm Fire and Casualty Insurance Company	Yes	243
State Farm Mutual Automobile Insurance Company	Yes	243
United Services Automobile Association Group	Yes	28
West Bend Mutual Insurance Company	Yes	91
Wilson Mutual Insurance Company	No	0
Wisconsin Mutual Insurance Company	Yes	108

Appendix 2
Answers to All Questions from Specific Insurers

1) When settling an auto insurance claim, does your company offer the insured and/or third-party claimant an option of a direct repair program? Yes or No. How does the adjudication process differ if the claimant does not choose to participate in the program? Please be specific.

<p>Allstate Insurance Company, Allstate Property and Casualty Insurance Company</p>	<p>Yes, the insurers offer the option of a direct repair program. Claimants who elect to use non-direct repair program facilities will have their vehicles inspected by Allstate representatives at a drive-in facility or by field staff who will travel to the customer/vehicle.</p>
<p>Farmer's Insurance Exchange</p>	<p>Yes, the insurer offers the option of a direct repair program. If the claimant does not choose the direct repair program the insurer assigns the claim to a field adjuster who inspects the vehicle, writes the estimate and issues payment for the agreed upon amount of damages.</p>
<p>Liberty Mutual Insurance Company</p>	<p>Yes, the insurer offers the option of a direct repair program. If the customer does not choose to use the direct repair program the insurer works directly with the customer's choice of shops to reach an agreed estimate. This is completed with a field appraiser, in-house appraiser, or independent adjuster depending on the geographic location of the shop and field appraiser availability.</p>
<p>Progressive Classic Insurance Company, Progressive Northern Insurance Company, Progressive Universal Insurance Company</p>	<p>Yes, the insurers offer the option of a direct repair program. There is no difference in the adjudication process if the claimant does not choose the direct repair program. All adjusters are trained in writing estimates and can perform such either at the person's home, place of business or a designated shop.</p>

2) When responding to a consumer inquiry, do insurers use the same procedure in responding to a call from their customer (first-party claim) or a claimant (third-party claim)? Yes or No. Please briefly explain.

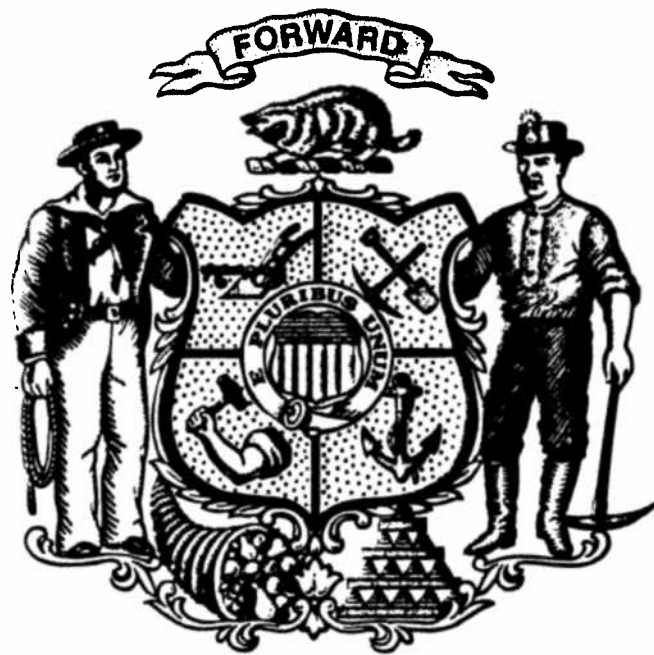
<p>Allstate Insurance Company, Allstate Property and Casualty Insurance Company</p>	<p>Yes. If the inquiry is in reference to the direct repair program there is no change in how it is handled between first-party and third-party party.</p>
<p>Farmer's Insurance Exchange</p>	<p>Yes. All consumers are treated equally.</p>
<p>Liberty Mutual Insurance Company</p>	<p>Yes. The insurer does not distinguish between an insured or claimant inquiry. Procedures for responding are the same.</p>
<p>Progressive Classic Insurance Company, Progressive Northern Insurance Company, Progressive Universal Insurance Company</p>	<p>Yes. The insurers offer all consumers multiple options for the repair of their vehicle.</p>

3) Do you provide a script or standardized language to use when responding to consumer inquiries about repair options? Yes or No. Please provide a copy of the script or standardized language even if your company does not use direct repair programs.

<p>Allstate Insurance Company, Allstate Property and Casualty Insurance Company</p>	<p>Yes. Tells customer they are always free to choose any repair shop. Insurer lets customer know of referral program. Explains benefits of the program and asks customer if they want a referral.</p>
<p>Farmer's Insurance Exchange</p>	<p>No. The insurer does not use a script or standardized language when responding to consumer inquiries about repair options.</p>
<p>Liberty Mutual Insurance Company</p>	<p>No. The insurer no longer utilizes scripts. Instead provides training and coaching to call center and claims adjuster staff to go over the options for the consumer to get their vehicle appraised. Insurer also coaches the staff to ensure the consumer understands that it is their choice on where to have their vehicle repaired.</p>
<p>Progressive Classic Insurance Company, Progressive Northern Insurance Company, Progressive Universal Insurance Company</p>	<p>Yes. Customer may may choose own repair shop, or may select Progressive's Network of Repair Shops. Explains benefits of the Network.</p>

Appendix 3
OCI Actions from Jan 1, 2006 through Dec 7, 2007

COMPANY	ALLEGATION	AMOUNT	DATE
General Casualty Co of WI	Failing to respond promptly to inquiries from OCI	1,500	5/23/2006
General Casualty Co of WI	Issuing an improper non-renewal of an insurance policy	3,000	5/30/2006
Hartford Fire Ins Co	Issuing an improper non-renewal of an insurance policy	500	5/30/2006
Wisconsin American Mutual Ins Co	Issuing an improper mid-term cancellation or non-renewal of an insurance policy	500	5/30/2006
Erie Insurance Exchange	Issuing an improper mid-term cancellation of an insurance policy	1,500	7/27/2006
Allied Property & Cslty Ins Co	Allowing an agent to submit applications prior to appointing the agent	500	8/1/2006
Wausau Business Ins Co	Issuing an improper non-renewal of an insurance policy	1,500	2/27/2007
Austin Mutual Ins Co	Issuing an improper non-renewal of an insurance policy	1,500	3/28/2007
Secura Supreme Ins Co	Issuing an improper mid-term cancellation or non-renewal of an insurance policy	500	7/19/2007
Austin Mutual Ins Co	Issuing an improper mid-term cancellation or non-renewal of an insurance policy and allowing an agent to submit applications prior to appointing the agent	8,000	7/19/2007
American Family Mutual Ins Co	Issuing an improper non-renewal of an insurance policy	500	11/15/2007



January 9, 2008

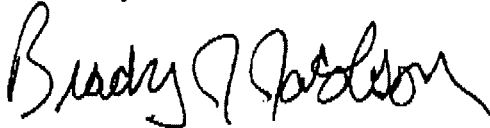
AB 353
Folder

Representative Lasee,

I would like to share with you another example of how insurance companies are steering. If they don't flat out refuse the consumer's choice, they will say "Fine! Go where you would like to have the repair work done, but because this is the rate our "Blue Ribbon Shop" (a direct repair shop) charges, this is all we are going to pay." This "**contract**", secret from the consumer, should not affect the consumer or the repair facilities that are not part of this **conspiracy**.

Are you going to help the small businesses in Wisconsin- small business owners that usually vote Republican? Or are you going to allow this corporate greed to continue? It's this corporate greed that will ultimately put Clinton or Obama in power-something neither one of us wants!

Sincerely,



Brady J Jacobson
Schaller/Jacobson, Inc.
Owner/Operator
608-788-2545

Email to Fax Delivery

To: 16087883558
From: woodd7@nationwide.com
Date: January 7, 2008 10:18:18 AM EST
Subj: Larry Ringgenberg est
Pages: 6

Here is a copy of my est for our insd. Larry Ringgenberg. Please review est and call me with any questions. I dont know if he has come down there for an est. or not. He mentioned your shops name when I asked if he knew of a shop in the area. I have increased my labor rates to the maximum for the area per Allied Guidelines. If there is an issue with the labor rates please let me know right away so I can inform our insd. and he can make other arrangements for the repairs on his vehicle. Due to the fact that our Blue Ribbon Shop in La Crosse has their rates at 52/52/75/65/32 I am unable to Increase mine any more than this.

Thanks

David Wood
608-449-1827

Email to Fax Delivery

To: 16087883558
From: woodd7@nationwide.com
Date: January 7, 2008 10:18:18 AM EST
Subj: Larry Ringgenberg est
Pages: 6

Here is a copy of my est for our insd. Larry Ringgenberg. Please review est and call me with any questions. I dont know if he has come down there for an est. or not. He mentioned your shops name when I asked if he knew of a shop in the area. I have increased my labor rates to the maximum for the area per Allied Guidelines. If there is an issue with the labor rates please let me know right away so I can inform our insd. and he can make other arrangements for the repairs on his vehicle. Due to the fact that our Blue Ribbon Shop in La Crosse has their rates at 52/52/75/65/32 I am unable to increase mine any more than this

Thanks
David Wood
608-449-1827



 Mail to Fax Delivery

To: 16087851243
From: woodd7@nationwide.com
Date: January 17, 2008 12:54:45 PM EST
Subj: Pat Donovan 48A64653
Pages: 7

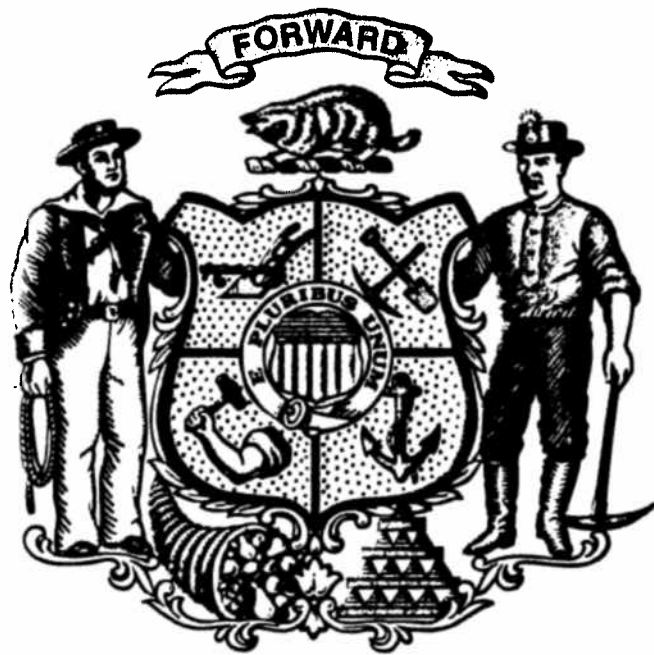
AB 353
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Lee,

Here is a copy of my initial est. for our Insd. Patrick Donovan. Please review and call me to let me know if you can work with my labor rates. I am unable to increase them any more due to the fact that we now have a Blue Ribbon Shop in the area and I can only go to the rates they have set. I contacted the owner and informed him of the discrepancy in our rates and he has authorized me to move his vehicle to our Blue Ribbon shop if needed. If you could let me know by the end of today so I can make towing arrangements if we need to move the car that would be great.

Thanks

David Wood
608-449-1827



Jon Stevermer
State Farm Insurance
8101 Excelsior Drive
Madison, WI 53717-1905
(608) 836-5261
jon.stevermer.craw@statefarm.com

AB 353
Date ?

I live in Sun Prairie, WI and work for State Farm Insurance. I urge you to oppose SB 181 / AB 353 and offer my testimony on behalf of State Farm, our customers and my family.

Having worked in the collision repair industry for 15 years, I know how challenging the industry can be. Having worked for State Farm Insurance for more the 17 years, I truly appreciate just how important these programs are to the average consumer and the significant risks this legislation represents – higher insurance costs and lower customer satisfaction.

While I have serious concerns with most areas of this legislation, I would like to focus on two issues in Section 5 of the amended bill.

Overall, Section 5 interferes with the ability of our agents to be a valuable resource to our customers. It will keep them from sharing important information about programs designed to assist them in repairing their car. Information customers need in order for them to make an informed decision.

Collision repair is much more complicated than it was just a five years ago and it will continue to get more challenging in the years ahead. Today, a typical repair involves high tech materials, very sophisticated safety systems and hybrid technology.

The collision repair industry lacks any repair quality standards, licensing requirements, certification or education, so the selection of a repair facility is a very important one. But very few people possess the knowledge or resources needed to make an informed decision when choosing a repair facility or even know the types of questions they should ask. Why should they? On average, policyholders only report a collision loss once every 14 years and cars have changed dramatically during that time! Our program was developed to help the average consumer, to improve their repair experience and to ensure quality repairs.

State Farm implemented the Service First program in 1996 in response to changes in the repair technology and customer demand. Since then, we've worked to streamline the claims process and improve customer satisfaction by partnering with high performing repairers.

These programs are also about convenience. Both men and women work more hours today than any generation before. These programs give the customers the flexibility they need as they try to maintain balance between

their personal and professional lives. They also enjoy the freedom and convenience of having any warranty related issues resolved anywhere in the US or Canada without the worry of about returning their car to the original repairer for warranty service.

State Farm supports customer choice. The first line of our pamphlet clearly states that fact. Customers are informed that they make the decision when it comes to selecting a repair facility and only they can authorize those repairs. Our efforts are to simply introduce our customers to available repair options and any benefits that may apply.

Customer satisfaction is our focus. We simply want the customer to be happy with their repairs and their choice in repair facilities. Customer surveys consistently show a very high level of satisfaction with the repairs, the repair facility and with State Farm.

Repairs

97.0%	Satisfied
2.1%	Neutral
.9	Dissatisfied

Repair facility

97.6%	Satisfied
1.3%	Neutral
1.1%	Dissatisfied

State Farm

98.2%	Satisfied
1.3%	Neutral
.5%	Dissatisfied

State Farm supports and respects customer choice. We have no interest in interfering with any relationship customers may have with a repairer. Our processes and agreements with program repairers reinforce this message. The customer always makes the decision.

Repairers on our program agree to:

- Protect and not share or sell customer information
- Provide the customer with a guaranteed completion date - helping to minimize out of pocket expenses for the vehicle owner
- Offer a nationwide, lifetime repair warranties - providing security, as well as flexibility and convenience when corrective repairs are needed. It also fills the void whenever body shops change ownership or close
- Pursue training and certification - to keep pace with rapidly changing repair technology
- Be accountable for their performance and billing practices.

The other area of concern is language stating "that the insurer will pay the reasonable cost of repairs".

2. Orally inform the insured or 3rd party that the insurer will pay the reasonable costs of the repair regardless of which garage, repair shop, or other vendor the insured or 3rd party selects to make the repair.

The term "reasonable" is highly subjective and ambiguous. In California there is abundant litigation in the small claims court system over whether a shop's rate is "reasonable". Litigation expenses ultimately get passed to the consumer. In Wisconsin, we have maintained competitive rates with the second lowest rates in the nation, according to the National Association of Insurance Commissioners (NAIC). We should avoid putting into law, language that will open the door to litigation and put upward pressure on insurance costs.

Again, State Farm supports customer choice. Our programs are simply intended to help customers by providing them access to valuable information.

This legislation is simply unfair to the consumer because it hides important benefits and puts nothing in place to protect the policyholder's interests.

By concealing this information from the customer, this legislation will negatively impact more than 575,000 Wisconsin State Farm customers through added risk and increased expenses.

I urge you to oppose SB 181 / AB 353.



AB 353?
Date ?

On Feb.23, my wife was hit by another vehicle in Middleton, WI .Her '01Acura TL was hit on the right side of the car with damage exceeding \$9000.00 dollars. The other driver was cited by the Middleton police. She has Liberty Mutual Ins.

So on Thursday Feb.24 I took the vehicle to Zimbricks body shop for an estimate and was told to contact Liberty Mutual Ins. I called to see where they wanted me to send the estimate at (1-800-838-7103 x362) and spoke with a claims representative, Angela, I told her that I had an estimate from Zimbricks and I need to know where to send it .She told me that she would not accept an estimate from Zimbricks. So I asked her why, she said that I have to go to one of their shops for an estimate. I said I do not have to go to one of their shops and that Zimbricks will be fixing my vehicle. She said fine, have Zimbricks fix the vehicle but you still have to go to one of their shops for an estimate. I said no I don't have to go to one of their shops for an estimate if I'm going to have Zimbricks fix my car, you can send out one of your field adjusters to go over the estimate and the car. She said that their field adjusters where too busy to do that and if I would get an estimate at one of their shops and if their was an add on, that she would send out a field adjuster. I said to her, "you told me that they where too busy". She said that this is our policy and procedures and that she was going stick to them. So I said fine, just pretend that I never called and that I will have my insurance company handle it.

Sincerely
Steve Kohlman
849-8826 Hm
576-8610 Cell





AB 3553 ?
Date ?

Position Paper

Proposed legislation to change how insurance companies recommend repair facilities to their policyholders

Proposed Legislation

This legislation would require insurers to ask if the vehicle owner has chosen a repair facility to write an estimate or to repair the vehicle before they could explain the insurance company's Direct Repair Program. It also defines how the vehicle owner should be educated about their right to choose any repair facility to repair their vehicle. Finally, it defines what an insurance company may not do during the explanation of the insurance company's Direct Repair Program.

Points That We Support

We agree with the sections that emphasize a vehicle owner's ability to choose any repair facility and the restrictions that do not allow an insurance company to speak negatively about the potential issues that the consumer may experience if they do not select a network repair facility. We believe that the insurance company should only focus on the benefits for using their Direct Repair Program.

Issue

The purpose of the bill is to maximize customer choice but it goes too far in its current form by not allowing the consumer to learn about the benefits of a Direct Repair option before they are asked to make a choice. The consumer should know all of their options so that they can make an informed choice as to which company will repair their vehicle. Current state law requires the repair facility to obtain a signed repair authorization form from the vehicle owner. This is our definition for when the customer has legally chosen a repair facility and should no longer have the Direct Repair option explained to them.

Proposed Amendments

Change the wording that prevents the insurance company from explaining the Direct Repair option from "Orally inquire whether the insured or 3rd party has selected a garage, repair shop, or other vendor to prepare a damage repair estimate or to repair the motor vehicle" to be "Orally inquire as to whether

the insured or 3rd party has signed a repair authorization form with a repair facility yet" If the answer is no, then the insurance company would be able to explain the benefits of their Direct Repair Program with a disclaimer that the vehicle owner may choose any repair facility. The insurance company should be able to explain their warranty and the process but they should not be able to suggest that repairs may cost more, be delayed or not be guaranteed if the vehicle owner chooses an out of network repair facility.