

FOR IMMEDIATE RELEASE

CONTACT:
Susan Nolan
Candace Thorson
NCOIL National Office
518-687-0178

NCOIL SETS ASIDE PROPOSED AUTO BODY STEERING MODEL

Troy, New York, November 24, 2010 — Legislators at the NCOIL Annual Meeting—responding to aggressive and near-universal opposition from interested parties—set aside a proposed *Model Act Regarding Insurer Auto Body Steering* and determined to consider the freedom-of-choice issue further in 2011. The overwhelming November 20 vote in Austin, Texas, marked the Property-Casualty Insurance Committee's latest action to promote consumer decision-making through limits on insurer body-shop referrals.

Then-Committee Chair Sen. Ruth Teichman (KS), speaking for the group, said, "We certainly want to promote a system that lets consumers choose the repair shops they want, rather than respond to insurer demands or pressure. But considering the wide-ranging opposition to our proposed model, moving forward with this draft language seemed unwise. Is there a better way to safeguard consumer choice? Possibly, and that's what the Committee may choose to discuss next year."

The proposed model act—a substitute to a far more restrictive, July 2009 version—would have prevented an insurer from requiring someone to use a specific facility and would have banned insurer coercion, intimidation, or interference with consumer choice. The substitute bill, which legislators in Austin postponed indefinitely by a 16 to 7 vote, also would have allowed insurers to recommend repair locations, regulated insurer payment of non-preferred body shops, and promoted disclosure and accountability.

The substitute draft—which grew from under two pages in length to 11 with the addition of interested-party comments—was opposed by insurers, who alleged that the bill was unconstitutional and that its limits on insurer information-sharing were anti-consumer. It was opposed by auto-repair representatives, who said the language was more lenient than some existing laws, that it failed to address the nuances of the claims settlement process, and that it lacked strong enforcement. It was supported, however, by the Independent Glass Association, which cited a need for such legislation.

Proposed NCOIL steering restrictions first appeared in a broader draft bill on aftermarket crash parts and were based almost verbatim on New York State law. The substitute model considered in Austin was influenced by Rhode Island and Virginia statutes.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

For further details, please contact Candace Thorson at 518-687-0178 or at cthors@ncoil.org.

#

K:/NCOIL/2010 Documents/2007143.doc