



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2007 Senate Bill 181

**Senate Substitute
Amendment 3**

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2007 Senate Bill 181 relates to prohibiting an insurer from requiring a certain vendor for repairing a motor vehicle, requiring adjusters to inspect motor vehicle damage, and insurance payments for motor vehicle repair costs.

CURRENT LAW

Current law prohibits an insurer that issues a motor vehicle insurance policy covering the repair or replacement of motor vehicle glass from conditioning the coverage on whether the insured or a third party making a claim under the policy obtains services or parts from a particular vendor, or in a particular location, specified by the insurer. [s. 632.37, Stats.]

2007 SENATE BILL 181

Senate Bill 181 expands this provision to also include repairs to a motor vehicle other than motor vehicle glass and includes additional requirements as described below.

Prohibition Against Requiring Particular Facility for Estimates or Repairs

The bill specifies that an insurer that issues a motor vehicle insurance policy covering the repair of a motor vehicle may not condition that coverage on whether the insured or a third party making a claim under the policy obtains a damage repair estimate or services or parts from a particular garage, repair shop, or other vendor, or in a particular location, specified by the insurer.

Process to Inform Claimants

If an insured or third party makes a claim for the repair of a motor vehicle that is covered by the policy, the bill requires the insurer, at the time the claim is submitted, to do all of the following in the following order:

1. Orally inform the insured or third party that he or she may select any garage, repair shop, or other vendor for a damage repair estimate or the repair.
2. Orally inform that person that the insurer will pay the reasonable costs of the repair regardless of which garage, repair shop, or other vendor the person selects to make the repair.
3. Orally inquire whether that person has selected a garage, repair shop, or other vendor for a damage repair estimate or the repair.

In general, if that person indicates that he or she has selected an estimate or repair facility, the insurer may not attempt, or must cease attempting, to influence the person's choice. However, if the insurer has completed the three steps above and the person either indicates that he or she has not selected an estimate or repair facility or requests a referral from the insurer, then the insurer may make a referral to a particular garage, repair shop, or other vendor, or to a particular location.

Notice Provisions

Insurer

The bill requires that every motor vehicle proof of insurance card issued on or after the effective date of the bill contain a notice that insurance companies are prohibited from requiring that repairs be made by a particular repair facility and that the consumer has the right to choose the repair facility.

Repair Facility

Also under the bill, an auto body repair facility or automobile insurance claim facility must:

1. Post in a conspicuous location a scripted notice that insurance companies are prohibited from requiring that repairs be made by a particular repair facility and that the consumer has the right to choose the repair facility.
2. Include that same notice at the top of every motor vehicle repair estimate that the facility prepares.

Payment Rate for Repairs

The bill requires an insurer that pays for the repair of a motor vehicle to pay for the repair at the same rate that the general public pays in the geographic area in which the repair is made for the same or a similar type of repair to the same or a similar type of motor vehicle, unless the insurer and repair facility have an agreement otherwise. The bill further specifies that an the insurer may not limit or discount the amount paid on the basis that the repair would have cost less if it had been made at a repair facility or in a particular location specified by the insurer.

Physical Inspection Requirement

The bill prohibits an insurance adjuster from preparing a motor vehicle damage estimate or from altering one prepared by another party without first physically inspecting the damage to the vehicle.

SENATE SUBSTITUTE AMENDMENT 3

Senate Substitute Amendment 3 to the bill provides that an insurer is prohibited from:

1. Requiring that repairs to a motor vehicle be made by a particular contractor or repair shop as a condition for paying a claim.
2. Failing to initiate or to conclude with due dispatch an investigation of a claim for repairs to a motor vehicle on the basis of whether the repair will be made by a particular contractor or repair shop.

However, the substitute amendment specifies that current law continues to apply with respect to insurance coverage of motor vehicle glass repair.

Legislative History

Senate Bill 181 was introduced by Senator Breske and others; cosponsored by Representative Van Roy and others. Senate Substitute Amendment 3 to the bill was introduced by the Senate Committee on Transportation and Tourism on a vote of Ayes, 4; Noes, 3. The committee recommended adoption of Senate Substitute Amendment 3 on a vote of Ayes, 4; Noes, 3. The committee then recommended passage of the bill, as amended, on a vote of Ayes, 7; Noes, 0.

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