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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**

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Jim's Auto Body

RENE' L. RATCHEK 763-9250

rene.ratchek@yahoo.com

400 S. PINE ST. (HWY. 63) BURLINGTON, WI 53106



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President

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valued relationships

More than 17,000 agents offer personalized service throughout the United States and three Canadian provinces (Alberta, New Brunswick and Ontario).

competitive pricing

A variety of product discounts are available.

exceptional claim service

One of the world's largest networks of professional claim representatives are ready to provide prompt, courteous service.

around-the-clock service

24 hours a day / 7 days a week

financial stability

State Farm has consistently received high ratings for financial strength and claims paying ability from various independent agencies including:

- A.M. Best
- Standard & Poor's



Select Service®

Quality auto repairs ...

because you have better things to do



Want to learn about insurance and financial services products State Farm offers?

Contact your State Farm agent or visit www.statefarm.com®.

Note: Select Service® may not be available in all service locations. Please contact your State Farm agent or claim associate to review current service areas.

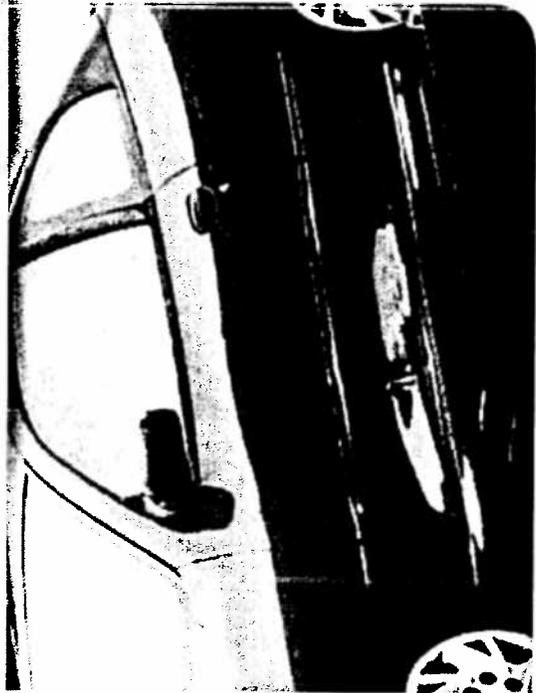


State Farm Mutual Automobile Insurance Company
State Farm Indemnity Company
Bloomington, IL

statefarm.com®
160-6726.2

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State Farm Select Service: Availability and convenient

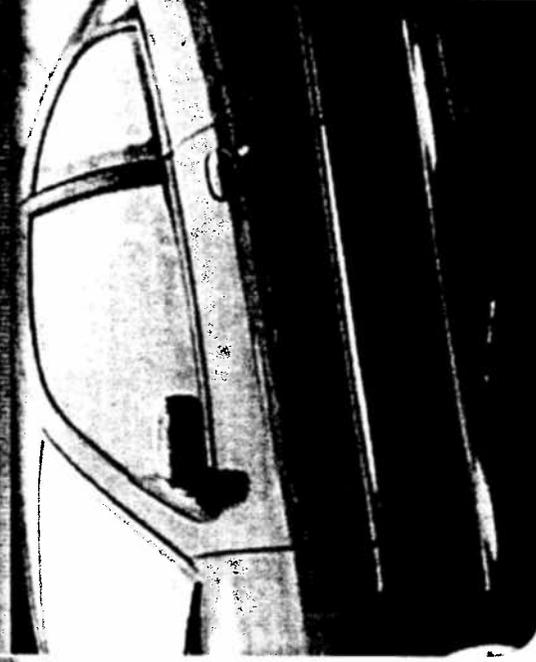


If you choose Select Service and your vehicle is drivable:

- You or your State Farm agent can schedule an appointment with a Select Service repairer.*
- The repairer will prepare an estimate and provide you with a copy.
- With your authorization, the repairer will schedule a date to repair your vehicle and order any parts that are needed.
- When you are satisfied with the completed repairs, you pay any applicable deductible. State Farm pays the balance of accident-related repair costs directly to the repairer.

When you choose Select Service and your vehicle is drivable, you can schedule repairs at a convenient location. State Farm Select Service program will help you get your vehicle repaired quickly and conveniently. When you choose Select Service, you will receive from State Farm Select Service repairer include:

- If your damaged vehicle is located a reasonable distance from a Select Service repair facility, you have the option of requesting pick up and delivery of your vehicle.
- Guaranteed completion date for repairs.
- Your repaired vehicle will be washed and vacuumed prior to delivery.
- A national, limited lifetime written repair guarantee for workmanship, including refinishing, for as long as you own your vehicle.



If you choose Select Service and your vehicle is not drivable:

- After delivery of your vehicle to a Select Service repairer, the repairer will prepare its estimate and provide you with a copy.
- With your authorization, the repairer will order parts and begin repairs.
- When you are satisfied with the completed repairs, you pay any applicable deductible. State Farm pays the balance of accident-related repair costs directly to the repairer.

* To find a Select Service repair facility, visit www.statefarm.com. Type in Repair facility locator in the search box.



State Farm



State Farm® Select Service® Agreement
Revision 12-2005

AB 353
Folder

This Select Service Agreement (hereinafter "Agreement") outlines the understanding between State Farm Mutual Automobile Insurance Company and its subsidiary and affiliated corporation, (hereinafter "State Farm"), and _____, (hereinafter "Provider"). In consideration of the mutual promises and representations contained herein the parties agree to the following provisions:

1. Customer Protections

- A contract should benefit BOTH parties
- a. **Freedom of Choice.** Provider acknowledges that vehicle owners have freedom of choice when selecting a repair facility.
 - b. **Confidentiality/Privacy.** Provider acknowledges it may learn or have access to confidential, proprietary, or private information (hereinafter "Information") of State Farm, its third party vendors, and vehicle owners. This information specifically includes customer names, addresses, phone numbers and social security numbers, vehicle accident and repair history, vehicle images, date of loss, and vehicle identification numbers, of State Farm, its third party vendors and vehicle owners. Provider further warrants it will use such information for the limited purpose of repairing vehicles. Provider further warrants it will keep strictly confidential any such information that Provider may learn. A third party performing as a subcontractor for Provider to accomplish duties subject to this Agreement may have access to pertinent information if that third party has agreed in writing with Provider to use such information solely for the purpose of repairing vehicles and otherwise to keep such information strictly confidential. Provider agrees it will not sell or share nor permit its third party vendors to sell or share information. Provider agrees to indemnify and hold harmless State Farm for any and all costs, including attorney fees, incurred by State Farm as a result of unauthorized use of such information by Provider or any of Provider's third party vendors.
 - c. **Authorization.** Provider agrees to obtain the vehicle owner's authorization prior to dismantling or beginning repair of the damaged vehicle. Provider further agrees to obtain and return the vehicle owner's authorization for State Farm to pay Provider directly for completed repair work.

2. Quality

- a. **Workmanship/ Warranty.** Provider agrees to repair the vehicle including, if necessary, mechanical, electrical, vehicle restraints and safety systems, in a quality and workmanlike manner. Provider further agrees to provide the vehicle owner with a written national limited lifetime repair warranty for workmanship, including refinishing, for as long as the customer owns the vehicle. If, following receipt and payment of the final repair bill, State Farm determines corrective repairs are needed, those repairs will be performed by Provider upon State Farm's request and at no additional cost. If corrective repairs are necessary and the vehicle owner is unable or unwilling to return to Provider's facility, Provider agrees to reimburse State Farm for such repairs upon request.
- b. **Estimate Preparation.** Provider agrees to perform an inspection of the vehicle and further agrees that its initial estimate and/or supplemental estimates will be completed in a thorough manner and will be as complete as reasonably possible to avoid unnecessary supplements, and repair process or claim settlement delays. Provider agrees that its estimates and supplements will not include an "appearance allowance" credit or adjustment. Provider agrees to correctly represent and/or label replacement parts when preparing damage estimates, so vehicle owners and State Farm will be notified of the type

- of part being used in the repair process. Provider further agrees to notify State Farm if a vehicle owner elects not to complete repairs as estimated.
- c. **Electronic Images.** Provider agrees to transmit electronic images of vehicle damage along with the initial estimate and/or supplemental estimate that corresponds to the damage immediately. Provider further agrees electronic images will be of sufficient quality to allow for effective review by State Farm personnel and to support amounts for vehicle damages being claimed on the final repair bill.
 - d. **Prior Damage.** Provider agrees to contact State Farm when the vehicle has prior damage that may affect the cost of repairs. When requested by State Farm, Provider agrees to prepare and forward an itemized estimate of prior damage at no additional cost to State Farm. Provider agrees not to charge State Farm to repair any prior damage.
 - e. **Quality Control.** Provider agrees to maintain a quality control process for in-progress and completed repairs and will provide State Farm evidence of this process when requested. Provider acknowledges quality control measures include, but are not limited to, quality control checkpoints at various stages of the repair.
 - f. **Deductible Collection.** Provider agrees to collect from the vehicle owner any and all deductible amounts and/or betterment charges. Provider agrees not to reduce, discount, or waive vehicle owner's deductible when performing repairs under this Agreement.
 - g. **Billing Accuracy and Completeness.** By submitting a final repair bill to State Farm, Provider warrants that it has conducted a thorough inspection of the vehicle and has identified and completed all necessary repairs in a quality and workmanlike manner. Unless expressly stated on the final repair bill, Provider further warrants it has completed all repairs listed on the final repair bill, in accordance with the terms and conditions of this Agreement, and that the final repair bill reflects parts replaced and repairs actually performed on the vehicle. When requested, Provider agrees to make available for State Farm's review invoices and/or other documents relating to completed repairs. State Farm agrees to review Provider's final repair bill as submitted and agrees to process payment in a timely manner. Provider acknowledges that State Farm reserves the right to withhold payment if the accuracy of the final bill is in question.
 - h. **Training.** Provider agrees to pursue training and certification necessary to maintain its technicians' proficiency on current auto repair procedures and techniques. Provider acknowledges training opportunities may include, but are not limited to, I-CAR Gold Class or ASE certification, or other recognized industry training. If State Farm determines specific training and/or certification is required as a condition of the Agreement, State Farm agrees to give Provider a reasonable timeframe in which to have its technicians complete the requirements. Upon request, Provider agrees to provide documentation to State Farm that supports Provider's training activity.
 - i. **Equipment/Capabilities Criteria.** Provider represents that it meets the most recent equipment/capabilities criteria as listed on State Farm's repair facility survey form, which has been completed by Provider.

3. Efficiency

- a. **Repair Cycle-Time.** Provider agrees to complete repairs promptly upon receiving the vehicle owner's authorization and further agrees that State Farm repair work will be given preferential status in comparison with other repair work performed by Provider. So that State Farm is able to monitor rental expenses and in-progress repairs, Provider agrees to accurately complete repair cycle-time information to include:
 - Vehicle Drop Off Date
 - Promise Date

- Start Date
- Repair Completion Date
- Vehicle Pick Up Date

Provider further agrees to include the “Start Date” and “Promise Date” when uploading the original estimate. Provider will ensure all cycle-time information will be completed prior to submitting the final repair bill.

- Guaranteed Completion Date.** Provider will provide vehicle owner with a guaranteed completion date for repairs at the time the original estimate is completed. Provider agrees to promptly notify the vehicle owner and State Farm of repair delays and further agrees to reimburse the vehicle owner and/or State Farm for any additional rental expenses associated with the delay if State Farm determines Provider caused the delay.
- Customer Services.** Provider agrees repaired vehicles will be washed and vacuumed at no additional charge before delivery to the vehicle owner. If requested by the vehicle owner, Provider agrees to pick-up and deliver the vehicle at no additional charge.
- Estimate Upload.** Provider agrees to provide State Farm with an electronic version of the initial estimate immediately after it is prepared and before repairs begin. Supplemental estimates will be transmitted immediately after they are prepared and before additional repairs begin. Provider will provide the vehicle owner with a copy of the initial estimate, any supplement and final repair bill and will maintain documentation to verify delivery.
- Total Loss Vehicle Inspection.** If the extent of damage to an owners vehicle will likely cause it to be considered an economic total loss, Provider agrees to immediately notify State Farm. If requested by State Farm, Provider agrees to immediately complete and forward an itemized repair estimate and accurate Vehicle Inspection Report (VIR) to expedite the total loss settlement process. Provider agrees that the estimate and VIR will be accompanied by electronic images as specified by State Farm, and further agrees to provide these services at no additional charge.
- Electronic Data Interchange.** Provider agrees to maintain electronic data interchange capabilities as specified by State Farm, including the ability to accept payments via Electronic Funds Transfer (ETF). Both parties recognize these capabilities may change from time to time.
- Estimating Vendor Applications.** If requested by State Farm, Provider will utilize an estimating vendor application designated by State Farm. State Farm agrees to give the Provider a reasonable timeframe in which to obtain the designated estimating vendor applications should this become a condition of the Agreement. Regardless of the vendor application being utilized, Provider agrees to maintain the most current pricing information and version of the estimating software provided by the vendor.

4. Competitive Price

- Repair Pricing.** Provider agrees to estimate and bill for repairs using the lower of the:
 - Most recent labor rates and paint pricing information submitted by Provider to State Farm through State Farm’s survey process; or
 - Current labor rates and paint and materials pricing information associated with the prevailing competitive prices determined by State Farm’s survey process; or
 - Labor rates and paint and material pricing offered to any other vehicle owner or insurer.
- Replacement Parts.** Provider agrees to include on estimates the cost of competitively priced parts for the types of repair or parts replacement operations to be performed. When

estimating new, original equipment manufacturer (OEM) replacement parts, Provider agrees to estimate and bill for repairs using the lower of the:

- Manufacturer's retail price; or
- Current competitive local market price; or
- Resulting price based on any agreement between Provider and State Farm; or
- Resulting price based on State Farm's agreements with suppliers or other entities in the auto repair industry; or
- Price offered to any other vehicle owner or insurer.

When estimating recycled replacement parts, Provider agrees to estimate and bill for repairs using the lower of the:

- Most recent recycled parts mark-up percentage submitted by Provider to State Farm through State Farm's survey process; or
- Current recycled parts mark-up percentage associated with the prevailing competitive prices determined by State Farm's survey process; or
- Recycled parts mark-up percentage offered to any other vehicle owner or insurer.

If new non-OEM parts are included on the repair estimate, Provider warrants the parts and the estimate comply with applicable state law and further agrees the use of such parts will be discussed with the vehicle owner and clearly identified on repair estimates. Provider further agrees that if new non-OEM parts are included on the repair estimate, such parts will be Certified Automotive Parts Association (CAPA) certified if the parts are subject to CAPA certification.

If requested by State Farm, Provider agrees to utilize an automated replacement parts locating service or application we specify for sourcing replacement parts and agrees this service or application will be utilized at no additional cost to State Farm.

Provider and State Farm may enter into parts pricing agreements that may be incorporated into this Agreement. Provider acknowledges State Farm may enter into agreements with suppliers or other entities in the auto repair industry. Provider may, at its option, participate with State Farm and such other entities when performing under this Agreement, provided however, that the price charged for replacement parts may not exceed the price set forth in item b. above.

- c. State Farm Staff Prepared Estimates.** Provider agrees to apply the pricing, terms and conditions of this Agreement whenever a vehicle owner presents a State Farm staff prepared estimate to Provider. Provider agrees it will not charge more for the repair than the price that would result from application of this Agreement.
- d. Paintless Dent Repair (PDR).** Provider agrees that if PDR services are available in the local market, it has PDR capability either on-site or readily available and will utilize the PDR method of estimating and repair on eligible vehicle damage. Provider agrees that when PDR is specified in whole or in part for repairs on an estimate written by the Provider, Provider agrees to the prices on the State Farm PDR pricing Matrix for PDR services. Provider further agrees to restore any corrosion protection materials, caulking, or under panel adhesives if disturbed during the PDR process, and agrees that PDR repairs will be completed without drilling or otherwise creating access holes, or damaging or modifying structural components.
- e. Judgment Times.** When a repair operation is based on judgment time, Provider agrees the amount estimated will be reasonable and competitive based on industry and local market

- area practices. Provider further agrees to consider all additional or "conjunctive" repair items when estimating judgment time and will not demonstrate patterns of unsubstantiated or unsupported judgment time increases when the final repair bill is submitted.
- f. **Mechanical Operations.** If a mechanical repair/replace operation is necessary, Provider agrees that any amounts charged will be competitive for the local market area.
 - g. **Repair v. Replace.** When estimating vehicle damage. Provider agrees to consider the repairability of damaged components prior to replacing, and will maintain sufficient knowledge and understanding of industry accepted repair practices and techniques, which may include but is not limited to structural repairs, sectioning, plastics repair, Paintless Dent Repair, and refinishing processes.
 - h. **Glass Replacement.** Provider agrees that when glass is being replaced in conjunction with a claim being processed under this Agreement, pricing will be based on what is the most competitive for the market area and will not exceed prices charged to other insurers or vehicle owners directly.
 - i. **Sublet Charges.** Provider agrees not to charge amounts beyond what is competitive in the local market for operations it does not perform directly, either at or away from the Provider's facility. If it becomes necessary to transport the damaged vehicle to facilitate additional repairs, Provider agrees that any additional costs will be limited to what is reasonably necessary in the market area for such transportation.
 - j. **Storage/Administrative Fees.** Provider agrees not to charge any storage or administrative fees while performing under this Agreement.

5. General

- a. **Term.** This agreement shall become effective on the date it is signed by and authorized representative of State Farm and it shall remain in effect until such time as either Provider or State Farm delivers to the other party written notice of termination of this Agreement. It will replace, supercede and automatically terminate any prior or existing Service First or Select Service Agreement between State Farm and Provider. This Agreement (and any attachments, addenda, and supplements thereto) shall be the complete and exclusive statement of the agreement between the parties as to the subject matter of this Agreement, and shall be binding upon each of the parties hereto their respective successors and to the extent permitted their assigns. This Agreement cannot be amended or otherwise modified, except as agreed to in writing by each of the parties hereto.
- b. **Provider Participation.** Provider acknowledges that State Farm may adjust the number of participating Providers. Provider further acknowledges that State Farm will consider Provider's quality, efficiency, and estimate competitiveness as adjustments are considered.
- c. **Termination of Agreement.** If either party terminates this Agreement, Provider will allow State Farm designated personnel to access Provider's premises during regular business hours and, if necessary, will allow State Farm to pick-up and/or tow vehicles and any replacement parts already purchased to another location without any additional charges or fees. In the event of such pick-up, Provider shall be limited to receive from State Farm fair and reasonable reimbursement for Provider's documented costs for "in-progress" repairs for vehicles being repaired under this Agreement. State Farm or Provider can terminate the Agreement at any time, and for any reason.
- d. **Independent Contractor Status.** Provider and State Farm acknowledge that Provider is an independent contractor for all purposes of this Agreement and is neither an employee nor agent of State Farm. Neither Provider nor State Farm shall misrepresent this status to vehicle owners or any other persons or entities.
- e. **Business Ethics/Anti-Trust.** Provider agrees to follow ethical and professional conduct in its business practices with State Farm and vehicle owners. Provider further agrees not to

disclose, discuss or share labor rate or pricing information with other repairers, and acknowledges this activity may be construed as illegal price fixing.

- f. **Gratuities.** Provider agrees not to offer any gifts, gratuities, or other incentives including deductible discounts or waivers to State Farm agents, employees, or vehicle owners.
- g. **Advertising.** Provider acknowledges that "State Farm" and "Select Service" are registered trademarks of State Farm. Provider agrees to refrain from using any State Farm registered trademark orally or in any form of advertising, marketing or related activity, including but not limited to: printed media, internet or web applications, radio or television ads. Provider further agrees State Farm may identify Provider as a Select Service facility in printed or electronic lists, or in other written or electronic formats, which may be available to vehicle owners and the general public.
- h. **Assignment.** Provider agrees that it may not assign this Agreement to any other entity, including an entity that affiliates with or merges with or acquires Provider, except when State Farm approves such assignment in advance in writing. State Farm in its discretion grant or deny such approval.
- i. **Payment.** State Farm agrees to issue payment directly to the Provider pursuant to the provisions set forth in this Agreement.
- j. **Insurance.** Provider represents it is insured for loss of or damage to customer vehicles and other property while in the possession of Provider. In addition, Provider represents it has in force and will maintain business liability insurance with liability limits equal to or in excess of one million dollars per occurrence.
- k. **Indemnification.** Provider agrees that notwithstanding anything in this Agreement to the contrary, Provider shall indemnify and hold State Farm fully harmless against any loss, damages, claims, or expenses of any kind whatsoever (including costs and reasonable attorneys' fees) sustained or incurred by a third party as a result of the negligent or intentional acts or omissions of Provider arising out of or in any way related to Provider's business operations, including but not limited to claims related to inspections or repairs performed, alleged failure to inspect or repair or the quality of inspections or repairs performed. Provider also shall indemnify State Farm for any costs and reasonable attorneys' fees incurred in State Farm's defense of any such claim.
- l. **Limitation of Liability.** Except for the indemnification language under: 1.b. Confidentiality/Privacy; 5.c. Termination of Agreement; and; 5.k. Indemnification, Provider agrees that: (1) under no circumstances shall either party's total liability to the other for any reason whatsoever exceed in the aggregate the sum of fifty thousand dollars (\$50,000.00); and (2) under no circumstances shall either party be liable to the other for any punitive, exemplary, consequential, indirect, or incidental damages of any kind whatsoever.
- m. **Non-Waiver.** Provider agrees that the failure of State Farm to insist on strict performance of any of the terms and conditions in this Agreement shall not be deemed a waiver of the rights and remedies that State Farm may have regarding that specific instance and shall not be deemed a waiver of any subsequent breach of default by Provider or any other term or condition of the Agreement.
- n. **Survival.** Provider agrees that the following provisions shall survive termination of this Agreement: 1.b. Confidentiality/Privacy; 2.a. Workmanship/Warranty; 5.d. Independent Contractor Status; 5.g. Advertising; 5.h. Assignments; 5.k. Indemnification; 5.l. Limitation of Liability and, 5.m. Non- Waiver.

Accepted and Agreed by: