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Maryland Introduces Insurer-Owned Shop Bill

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This bill includes a unique consumer disclosure requirement regarding the consumers' choice of repair facility.

A new bill has been introduced in the Maryland House of Representatives dealing with insurer owned shops and consumer disclosure.

On February 13 House Bill 1124 was introduced with 15 of the 141 member House signed on as sponsors.

A unique part of this legislation calls for a separate consumer notice given at the time a vehicle is appraised for damage. The consumer must be supplied with, and sign, a notice, that may not be a part of any other form or document, informing them of their right to have the car repaired at a facility of their choice.

Any insurer-owned facility must also post a notice in the facility disclosing any insurance company ownership along with the name of the insurer.

The bill has been assigned to the Economic Matters Committee. Five of the nine Property and Causualty sub-committee members are sponsors of the bill, including the sub-committee chairman, Brian McHale.

The text of the bill follows:

Maryland HOUSE BILL 1124

Unofficial Copy 2004 Regular Session C2 4lr2346

By: Delegates Impallaria, Conroy, Feldman, Fulton, Haddaway, Krebs, McDonough, McHale, Miller, Minnick, Moe, Parrott, Taylor, Trueschler, and Vaughn Introduced and read first time: February 13, 2004 Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Insurance - Auto Body Repair Facilities - Regulation

FOR the purpose of authorizing the Insurance Commissioner to have authority over the business practices of certain auto body repair facilities; requiring an employee of certain facilities to provide certain policyholders with a certain notice;

prohibiting the notice from being part of an estimate or other form; requiring the policyholder to sign the notice; requiring certain facilities to keep a copy of the notice with certain repair records; requiring certain facilities to post a certain notice; authorizing the Commissioner to adopt certain regulations; defining certain terms; and generally relating to the regulation of auto body repair facilities.

BY adding to Article - Insurance Section 27-914 Annotated Code of Maryland (2002 Replacement Volume and 2003 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Insurance

27-914.

(A)

(1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "FACILITY" MEANS AN AUTO BODY REPAIR FACILITY IN WHICH AN INSURER HAS A FINANCIAL INTEREST.

(3) TO HAVE A "FINANCIAL INTEREST" MEANS TO:

(I) BE PART OWNER OF A FACILITY; OR (II) HAVE A FACILITY AS A SUBSIDIARY BUSINESS.

(4) "POLICYHOLDER" MEANS A POLICYHOLDER OF AN INSURER THAT HAS A FINANCIAL INTEREST IN AN AUTO BODY REPAIR FACILITY.

(B) THE COMMISSIONER, WITH RESPECT TO A FACILITY:

(1) SHALL HAVE AUTHORITY OVER THE BUSINESS PRACTICES OF THE FACILITY;

(2) SHALL ADOPT REGULATIONS REGARDING DAMAGE ESTIMATING PROCEDURES AND APPRAISAL GUIDELINES; AND

(3) MAY ADOPT ANY OTHER REGULATION THAT THE COMMISSIONER DETERMINES TO BE NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION.

(C) (1) IF A POLICYHOLDER SELECTS A FACILITY TO OBTAIN AN APPRAISAL FOR DAMAGES TO AN INSURED MOTOR VEHICLE OR TO HAVE AN INSURED MOTOR VEHICLE REPAIRED, AN EMPLOYEE OF THE FACILITY PROVIDING THE APPRAISAL OR REGISTERING THE INSURED MOTOR VEHICLE FOR REPAIR SHALL PROVIDE THE POLICYHOLDER WITH A WRITTEN NOTICE STATING THAT THE POLICYHOLDER IS NOT REQUIRED TO:

(I) OBTAIN AN APPRAISAL AT THE FACILITY; OR

(II) HAVE THE INSURED MOTOR VEHICLE REPAIRED AT THE FACILITY.

(2) THE NOTICE:

(I) MAY NOT BE PART OF AN ESTIMATE OR OTHER FORM; AND

(II) SHALL BE SIGNED BY THE POLICYHOLDER.

(3) A COPY OF THE SIGNED NOTICE SHALL BE KEPT WITH THE REPAIR RECORDS FOR THE INSURED MOTOR VEHICLE.

(D) A FACILITY SHALL HAVE PROMINENTLY DISPLAYED IN A LOCATION THAT IS OPEN TO THE PUBLIC AND AT WHICH THE FACILITY PROVIDES AUTO BODY REPAIR SERVICES A NOTICE THAT STATES:

(1) THE FACILITY IS PARTLY OWNED BY OR IS A SUBSIDIARY OF AN INSURER;

(2) THE NAME OF THE INSURER WITH A FINANCIAL INTEREST IN THE FACILITY;

(3) A POLICYHOLDER IS NOT REQUIRED TO OBTAIN AN APPRAISAL AT THE FACILITY; AND

(4) A POLICYHOLDER IS NOT REQUIRED TO HAVE THE INSURED MOTOR VEHICLE REPAIRED AT THE FACILITY.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 4 October 1, 2004.

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