



American Insurance Association

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# News

## FOR IMMEDIATE RELEASE

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### **Informed Consumer Choice on Auto Repairs Under Attack** *SB 1167 Would Deny Consumers Vital Information About Longer Guarantees for Automotive Repairs*

**SACRAMENTO:** Restrictive legislation that would deprive consumers of information they need to make informed decisions on repairing their cars following accidents is opposed by the insurance industry, which believes that the best consumer is the most informed consumer.

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The anti-consumer bill, SB 1167 by Sen. Patricia Wiggins (D-Santa Rosa), is opposed by the Personal Insurance Federation of California (PIFC), the American Insurance Association (AIA), and the Association of California Insurance Companies (ACIC). The three organizations represent more than 90 percent of auto insurers doing business in California. The bill has not yet been set for legislative hearing.

Current law (SB 551—Speier 2003) guarantees California consumers the right to decide where their car is fixed after an accident. This proposed law would permit some auto repair shops to steer customers to their shops by limiting the information available to consumers.

“Consumers deserve the right to have all information about repair options, including facilities with a proven track record of quality repairs, warranties and a hassle-free claims process,” said Janine Gibford, AIA Assistant Vice President. “Consumers should not be denied information because some auto body shops are afraid of competition and think that full disclosure will cost them business.”

“This is a special interest bill for auto body shops that are afraid of informed consumer choice,” continued Rex Frazier, PIFC President. “Why are auto body shops afraid to let consumers know which shops provide a better guarantee of repair work? Consumers should be able to choose any body shop they want following a crash, but they also deserve to know whether or not a particular body shop will stand by their work.”

This issue was addressed in a recent ruling by the United States Court of Appeals for the Fifth Circuit, which struck down a Texas law that had similar limitations on communicating to consumers. The court stated:

"Consumers benefit from more, rather than less, information. Attempting to control the outcome of the consumer decisions following such communications by restricting lawful commercial speech is not an appropriate way to advance a state interest in protecting consumers."

"Insurance companies have a right to communicate information about auto repairs and a duty to make sure that their customers make informed choices," said Jeff Fuller, ACIC General Counsel. "We oppose this anti-consumer bill because it would violate rights and would prevent insurers from fulfilling their duties to their customers."

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**The American Insurance Association represents approximately 350 major insurance companies that provide all lines of property and casualty insurance and write more than \$123 billion annually in premiums. The association is headquartered in Washington, D.C. and has representatives in every state. All AIA press releases are available at [www.aiadc.org](http://www.aiadc.org).**

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