

*Breaking News from the Collision Repair Association of California*

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## **CRA Calls Opposition to AB 1200 a “Defining Moment,” Sides with New Car Dealers in Fighting Insurance Bill**

CRA president Lee Amaradio today called the association’s opposition to AB 1200 (Hayashi, D-Hayward) a “defining moment in the collision repair industry. “This short-sighted legislation, written by the Personal Insurance Federation of California, seeks to end the right of consumers to choose where their damaged vehicle is repaired,” said Amaradio. “In articulating our opposition, we have an opportunity to educate lawmakers on the harm caused by insurers that steer customers to their DRP shops. Conversely, if we fail, insurers will have a death lock on the process by which repair facilities are selected by vehicle owners.”

AB 1200 would allow an insurer to explain “the benefits” available to a claimant who has already selected a repair facility. California law states that once a claimant has selected a shop, the insurer shall not make any recommendations or suggestions that would prompt the claimant to switch to a shop preferred by the insurer. Under the scheme proposed by AB 1200, insurers could promote its DRP program to claimants at anytime during the repair process. Of course, the insurer wouldn’t have to reveal to the claimant how some DRP agreements restrict the use of factory parts and certain repair procedures recommend by the manufacturer.

The CRA board has voted to support amendments to the bill that have been put forward by the California New Car Dealers Association (NCDA). Essentially the CRA-supported amendments would limit an insurer’s discussion to provisions of the policy once the claimant has selected a shop.

“The term ‘benefits’ opens the steering door a mile wide,” stated CRA lobbyist Richard Steffen. “I don’t care how you rewrite this bill, if ‘benefits’ remains in the language, steering will be sanctioned by state law.”

Allen Wood, CRA executive director, said he has reviewed amendments that purportedly came from CAA. “I’ll be brief—these amendments make the bill worse.” The amendments still allow

insurers to discuss benefits with claimants.

The bill is slated to be heard by the Senate Banking, Finance and Insurance Committee on Wednesday, July 1, 2009 at 1:30 p.m. in Room 112 of the State Capitol, Sacramento, California.

Steffen said that the insurers have indicated the bill will most likely be amended prior to the hearing. "The CRA met with the insurers recently on this bill. We made it clear that we wanted any reference to 'benefits' struck. We also want a statement that insurers may not make disparaging remarks about a shop selected by a claimant. But it is difficult to police what insurer representatives say and, as such, this provision should not be used in trade for allowing insurers to open the 'benefit' door."