

## **Editorial: IGA Cautions Members about Legislation**

*by Mike Russo*

As Executive Director of the Independent Glass Association, I would like to caution our members across the United States to be vigilant about legislation being introduced under the guise of anti fraud legislation in an apparent effort to thwart aggressive competitive marketing practices. This is especially troubling when the effort appears to be specifically targeted at one minor segment of the auto repair industry.

Specifically, I am referring to the Arizona legislation issue recently highlighted in an article on [glassBYTES.com](http://glassBYTES.com)<sup>TM</sup> about Arizona State Representative Nancy McLain's reference to being approached at car washes and oil change retailers for windshield repair. In and of itself, this is not a fraudulent practice and to imply that this alone is fraud is simply not correct. Representative McLain should be watching out for her constituents to ensure that they have the right to choose a service provider of their choice and not the interests of insurance companies.

The Independent Glass Association does not condone fraud in ANY FASHION. There are laws in every state addressing insurance fraud and that there is no need for new laws because of creative competitive marketing. In actuality, this type of marketing can make windshield repair convenient for the consumer. Unfortunately, there are "some" unscrupulous people that will take advantage of a loosely regulated market place that has been created at the hands of insurers. And fraud will not only take place "at a car wash". Any person that commits fraud should be punished to the fullest extent of the law.

Legislation like this bill under consideration in Arizona is another effort by insurance companies to take advantage of the claims reporting process and to shore up the third party administration. The legislators need to be reminded that the relationship between the consumer and the service provider is an exclusive one. Insurance companies do not contract for services. The legislators also need to be reminded that much more is taking place during the call to the TPAs at the time of FNOL and Coverage Verification than only those two items.

The lobbyist for State Farm reported that there have been 10,000 fraudulent glass claims against State Farm in recent years. Please be more specific: How many related to windshield repair and how many did you prosecute? If none, why not? What percentage of the 10,000 fraudulent glass claims are related to this kind of marketing activity? How many in the state of Arizona? This statistic without analysis is vague and ambiguous.

The industry and legislators alike need to be reminded that the auto glass repair and replacement market is loosely regulated and has no barriers to entry. Virtually any one can participate. The real question is: who is responsible for creating the problems that exist today? Legitimate companies may be using competitive marketing practices to circumvent the need to have to call a competitor or other third party administrator with conflicts, to get "authorization" to provide a service. My advice to legislators would be to take a hard look at this industry and if

you must legislate, do so in an effort to protect the consumers that you represent and not just the insurance companies.