

STATEMENT
INSURANCE ASSOCIATION OF CONNECTICUT

Insurance and Real Estate Committee

February 17, 2010

HB 5283, An Act Concerning Automotive Glass Work

The Insurance Association of Connecticut opposes HB 5283, An Act Concerning Automotive Glass Work, as it will in effect prohibit an efficient and consumer-friendly method for insurers to provide for automotive glass repairs.

Glass repair is one of the most common repairs covered by an automobile insurance policy. Some insurers have set up a glass claims procedure similar to the following in order to attempt to improve the efficiencies of the process: the insured is given a toll free call-in number for glass repairs; the call goes to a third-party administrator (TPA) which processes the claim (the TPA is an affiliate of, but managed separate from, a glass repairer); the caller is fully informed of his/her right to take the vehicle wherever desired to be repaired; the caller is also informed of the relevant business relationships between the parties; if the caller has a repairer in mind, the TPA processes the claim accordingly; if the caller does not have a repairer, the TPA explains the benefits of use of a network shop (such as a lifetime guarantee); if the caller agrees to use such a shop, the TPA will schedule the work depending on the customer's specific needs and the availability of repairers. The glass work may be completed by a mobile repair service or at a repair shop. In any case, repairs can be scheduled as soon as the claim is reported.

HB 5283 would eliminate such an arrangement, as it would "prohibit an . . . entity that processes claims for automotive glass replacement work from having a financial interest in a business that installs automotive glass." We know of no other state that prohibits such an arrangement.

In fact, consumer satisfaction surveys conducted by insurers have shown that consumers appreciate the efficiencies and quality of work that result from these repair arrangements. Industry research has shown that an insured's satisfaction

with his or her glass repair experience is an important factor in an insurer's ability to keep their insureds happy, so they don't shop their business elsewhere.

Insurers are able to negotiate lower prices for glass repair with their network shops, which gets reflected in lower premiums, and are able to ensure the high quality of the repairs made and service provided in network shops. Many independently owned and operated glass shops participate in the networks.

HB 5283 would eliminate a well-managed method of administering automobile glass repair claims, where the consumer only has to make one phone call in order to get the glass work done.

IAC urges rejection of HB 5283.