



FOR IMMEDIATE RELEASE

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FOR MORE INFORMATION

Patrick Smith 540/720-7484

MAJOR ALERT FOR MINNESOTA COMPANIES

Auto Insurance Lobby Sneak Attack in Minnesota

The Independence Glass Association (IGA) has learned from its state chapter in Minnesota (MIAGA) that the auto insurance lobby has attached an amendment to a major omnibus environment, natural resources, and energy appropriations bill (SF2096) that could force network pricing on all independent shops that do business in that state.

If enacted, this legislation would allow insurance companies to only pay network prices, whether or not a glass company is in their network, by undermining section 72A201 of the Minnesota Unfair Claims Practices Act (UCPA).

The proposed amendment eliminates language that describes pricing as “fair and reasonable” based on local industry and instead describes pricing as “competitive”.

Currently in Minnesota insurance companies must take into consideration a glass shop’s geographic location when settling on reimbursement of auto glass services. Glass shops in metro areas are not reimbursed on the same scale as rural shops, as in most parts of the country.

The proposed amendment reads as follows (additions to the current law are underlined, while deletions are struck through):

(14) if an automobile policy provides for the adjustment or settlement of an automobile loss due to damaged window glass, failing to provide payment to the insured's chosen vendor based on a fair, competitive price ~~that is fair and reasonable within the local industry at large.~~

Where facts establish that a different rate in a specific geographic area actually served by the vendor is required by that market, that geographic area must be considered. For purposes of this clause, a price determined at the highest agreed upon price that the insurer pays to vendors that the insurer recommends and whose business is located in or within 50 miles of the insured's city of residence or a price based upon the highest agreed upon price paid in a city of the same class size as the insured's city of residence as defined in section 410.01 shall be deemed a fair, competitive price. This clause does not prohibit an insurer from recommending a vendor to the insured or from agreeing with a vendor to perform work at an agreed-upon price, provided, however, that before recommending a vendor, the insurer shall offer its insured the opportunity to choose the vendor.

In a response to this hostile legislation, the MIAGA has proposed the following language in hopes of strengthening the UCPA:

385 Garrisonville Road • Suite 116 • Stafford • Virginia • 22554

Phone: 540-720-7484 • Fax: 540-720-3470 • www.iga.org

(14) if an automobile policy provides for the adjustment or settlement of an automobile loss due to damaged window glass, failing to provide payment to the insured's chosen vendor based on a range of competitive price prices that is fair and reasonable within the local industry at large. Arbitration awards issued pursuant to Section 65B.525, subd. 1 presumptively establish the range of competitive prices that is fair and reasonable within the local industry at large such that the failure to provide payments on claims consistent with those awards constitutes a violation of this clause.

Where facts establish that a different rate in a specific geographic area actually served by the vendor is required by that market, that geographic area must be considered. As used in this clause, "specific geographic area" means the city where the work was actually performed or a comparable area that is of the same class of city as where the work was performed as those city classes are defined in section 410.01. This clause does not prohibit an insurer from recommending a vendor to the insured or from agreeing with a vendor to perform work at an agreed-upon price, provided, however, that before recommending a vendor, the insurer shall offer its insured the opportunity to choose the vendor. If the insurer recommends a vendor, the insurer must also provide the following advisory:

"Minnesota law gives you the right to go to any glass vendor you choose, and prohibits me from pressuring you to choose a particular vendor."

After an insured has indicated that the insured has selected a vendor to perform the work, the insurer must cease all efforts to influence the insured's or claimant's choice of a vendor.

The IGA and MIAGA have requested all Minnesota members contact their state representatives concerning this pending legislation.

The IGA is the only association dedicated to the needs of the independent glass companies in North America. Its members are also dedicated to the professional and ethical installation of glass in a safe and proper manner. IGA members are located in all 50 states and ten countries.

For more information regarding the IGA visit www.iga.org.

