

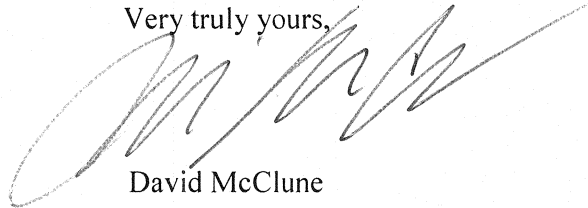
intended to “disparage” the insured or claimant’s chosen auto body shop so they can be “steered” to the insurer preferred shop.

The Department of Insurance has received many steering complaints from consumers and shops. Currently, the Department is in the process of promulgating regulations to clarify and strengthen the current law so as to provide consumers with meaningful choice.

The CAA is very concerned that AB 1200, as proposed, would instead allow insurers to legally “steer” the insured or claimant to an insurer preferred repair shop even after an informed consumer has clearly made a choice as to where the vehicle should be repaired. The CAA believes that consumers should have meaningful choice; that insurers should not disparage the consumer’s choice of repair shop and that consumers be fully informed of all benefits provided by their auto body repair shop.

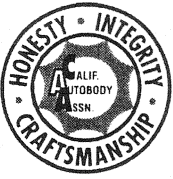
Thank you for your consideration. If you have any questions regarding our position please feel free to contact me at 916-646-8111.

Very truly yours,



David McClune  
Executive Director

c.c. The Honorable Mary Hayashi  
Senate Banking, Finance and Insurance Committee Members  
Ken Cooley, Consultant, Senate Banking, Finance and Insurance Committee  
Jack Molodanof, California Autobody Association lobbyist



CALIFORNIA  
AUTOBODY  
ASSOCIATION

June 23, 2009

The Honorable Ron Calderon  
Senate Banking, Finance and Insurance Committee, Chair  
State Capitol Room 5066  
Sacramento, CA 95814

**RE: AB 1200 (Hayashi), As Amended April 29, 2009-Oppose unless Amended**

Dear Senator Calderon:

On behalf of the California Autobody Association ("CAA"), we are writing to oppose AB 1200 (Hayashi), unless amended. The CAA is a non-profit statewide association comprised of over 1000 individual and independent repair businesses within the collision repair industry.

The CAA has been meeting and working with Assembly member Hayashi's office and the proponents of the bill over the last couple of months to develop and craft amendments that would address "steering" concerns raised by the CAA, so the measure will ultimately reflect a fair and balance approach for consumers, auto body shops and insurers. Although the discussions have been productive, no amendments have been agreed upon at this point. More time is needed to work through all the complex issues surrounding "steering". CAA would prefer that the bill be held in Committee so as to provide enough time for the stakeholders to adequately address the issues raised in the measure.

Current law (Insurance Code Section 758.5) provides consumers the right to choice when selecting an auto body repair shop to repair vehicle damage covered by the insurance company. The law allows insurers to make referrals of repair shops when an insurer or claimant requests a referral. However, current law prohibits insurers from "steering" the insured or claimant to insurer preferred shops after the informed consumer has selected a repair shop to have their car repaired.

"Steering" occurs when insurers use "word tracks" that are designed to disparage the insured's choice and convince them to take the car to an insurer preferred shop rather than their choice. Phrases such as: "your shop didn't make our preferred list", "if you take your car to that shop we cannot guarantee the repairs", "you will have to pay the difference in the cost of repairs" and "if you take it to that shop we won't be able to get an adjuster out for at least a week, but if you go to our shop they can start the repairs immediately". Such statements are