

FEB 24 2004

COMMERCE, REGULATION & LABOR

HOUSE FILE 2334

BY ALONS, BAUDLER, DE BOEF,
CHAMBERS and MERTZ

Passed House, Date _____ Passed Senate, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to the ownership of automobile repair facilities
 2 by persons engaged in the business of insurance and providing
 3 penalties.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2334

1 Section 1. Section 507B.4, Code 2003, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 15. AUTOMOBILE REPAIR FACILITY OWNERSHIP.
4 Ownership or receipt of any financial benefit by a person from
5 an automobile repair facility or any other form of direct or
6 indirect consideration from any individual or entity for
7 referring insureds to that individual or entity or their
8 designee for vehicle repairs covered under the automobile
9 comprehensive coverage, property damage coverage, or
10 automobile collision coverage of a commercial or noncommercial
11 policy of automobile insurance issued by the person. For the
12 purposes of this subsection, "financial benefit" means
13 receiving any commission or gratuity, discount on repair
14 costs, free repairs, employment by a repair facility, or
15 similar benefit.

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EXPLANATION

17 This bill provides that it is an unfair method of
18 competition or a deceptive act or practice for a person
19 engaged in the business of insurance to own or receive any
20 financial benefit from an automobile repair facility or any
21 other form of direct or indirect consideration from any
22 individual or entity for referring an insured to that
23 individual or entity or their designee for vehicle repairs
24 covered under the automobile comprehensive coverage, property
25 damage coverage, or automobile collision coverage of a
26 commercial or noncommercial policy of automobile insurance
27 issued by the person. For the purposes of the bill, a
28 "person" to whom this provision applies includes any
29 individual, corporation, association, partnership, fraternal
30 beneficiary association, and other legal entity engaged in the
31 business of insurance in this state. For the purposes of the
32 bill, "financial benefit" means receiving any commission or
33 gratuity, discount on repair costs, free repairs, employment
34 by a repair facility, or similar benefit.

35 A violation of the bill is punishable by a civil penalty of

1 not more than \$1,000 for each act or violation, but not to
2 exceed an aggregate of \$10,000, unless the person knew or
3 reasonably should have known the person was in violation of
4 the bill, in which case the penalty shall not exceed \$5,000
5 for each act or violation, and not be more than \$50,000 in the
6 aggregate. A violation of the bill may also result in the
7 suspension or revocation of the violator's license.

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