

**Senate File 2020 - Introduced**

SENATE FILE 2020

BY BEALL and FEENSTRA

**A BILL FOR**

1 An Act relating to choice of automobile repair facilities under  
2 automobile liability insurance policies.

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

1 Section 1. NEW SECTION. 516B.4 Choice of automobile repair  
2 facilities.

3 1. An insurer transacting business in this state,  
4 including its producers and adjusters, that issues or renews an  
5 automobile liability policy shall not do any of the following:

6 a. Require that a claimant under the policy use a particular  
7 automobile repair business or location for an estimate or a  
8 repair.

9 b. Engage in any act or practice that intimidates, coerces,  
10 or threatens a claimant or that provides an incentive or  
11 inducement for a claimant to use a particular automobile repair  
12 business or location.

13 2. An insurer transacting business in this state,  
14 including its producers and adjusters, that issues or renews  
15 an automobile liability policy is entitled to have access  
16 to a claimant's automobile for the purpose of preparing a  
17 competitive repair estimate.

18 3. If an insurer has a direct repair program with automobile  
19 repair businesses or locations, the insurer shall not limit the  
20 number of automobile repair businesses or locations with whom  
21 it maintains a direct repair program except that an insurer may  
22 limit the number of automobile repair businesses or locations  
23 participating in the insurer's direct repair program to  
24 those automobile repair businesses or locations that meet the  
25 requirements of subsection 4. An insurer is not required to  
26 establish a direct repair program in a particular market area  
27 where the insurer's number of policyholders does not support  
28 establishing a direct repair program in that area.

29 4. If an insurer has a direct repair program, the insurer,  
30 upon request, shall provide to a claimant, without prejudice or  
31 bias, a list of all automobile repair businesses or locations  
32 that are reasonably close or convenient to the claimant  
33 and willing to provide services and that meet the insurer's  
34 criteria for participation in its direct repair program by:

35 a. Possessing the equipment necessary to undertake repairs.

1     *b.* Undertaking training of management and technical  
2 personnel with respect to repair information and the claims  
3 process.

4     *c.* Agreeing to perform quality repairs at market price and  
5 that meet industry quality repair standards.

6     *d.* Agreeing to warrant the quality of work including  
7 refinishing, in writing, to the claimant or insured, for a  
8 period of not less than one year from the date of repair.

9     *e.* Agreeing to inspection of their repairs and services by  
10 the insurer and agreeing that the insurer may terminate the  
11 direct repair program with the automobile repair business or  
12 location if the repair and services provided are below the  
13 standards of quality required by the automotive industry.

14     *f.* If requested, agreeing to execute an agreement with  
15 the insurer that may contain additional criteria that are not  
16 designed to unfairly limit the number of automobile repair  
17 businesses or locations with whom the insurer maintains direct  
18 repair programs. The additional criteria may include criteria  
19 determined to be necessary by the insurer and designed to  
20 ensure that the automobile repair business or location has  
21 the necessary estimating systems and programs and equipment  
22 to communicate electronically with the insurer and that the  
23 automobile repair business or location has taken steps to  
24 ensure the privacy of the insurer and the claimant. However,  
25 the insurer shall not abrogate the right of an automobile  
26 repair business or location to purchase parts or supplies from  
27 any vendor, at the sole discretion of the automobile repair  
28 business or location.

29     5. An insurer transacting business in this state,  
30 including its producers and adjusters, that issues or renews  
31 an automobile liability policy shall not abrogate the right of  
32 a claimant to use any automobile repair business or location  
33 at the claimant's sole discretion, and the insurer shall pay  
34 for the reasonable and necessary cost of the automobile repair  
35 services for covered damages, less any deductible under the

1 terms of the policy. This section does not require an insurer  
2 to pay more for automobile repair services than the market  
3 price.

4 6. For the purposes of this section:

5 a. "*Automobile repair business or location*" does not include  
6 a business or location that exclusively provides automobile  
7 glass replacement, glass repair services, or glass products.

8 b. "*Claimant*" means a person seeking repair of an automobile  
9 whether that person is the insured person or a third party  
10 making a claim against the insurer.

11 c. (1) "*Market price*" means either of the following:

12 (a) The price agreed upon between the insurer and the  
13 policyholder or the service provider.

14 (b) The price that is reasonable within the market of the  
15 local area where the repair or replacement is being performed.

16 (2) The market price shall not be less than the cost of the  
17 repair or replacement work to the service provider.

18 Sec. 2. NEW SECTION. 516B.5 **Automobile glass repair —**  
19 **prohibited activities.**

20 1. An insurer transacting business in this state,  
21 including its producers and adjusters, that issues or renews  
22 an automobile liability policy shall not, individually or with  
23 others, directly or indirectly, do any of the following:

24 a. Establish an agreement with any person to act as a glass  
25 broker for the insurer under which the glass broker sets a  
26 price that must be met by a glass repair shop as a condition for  
27 doing glass replacement or glass repair work for the insurer.

28 b. Establish an agreement with a glass broker that requires  
29 a glass repair shop to bill through a glass broker as a  
30 condition of doing glass replacement or glass repair work for  
31 the insurer.

32 c. Establish a price that must be met by a glass repair  
33 shop as a condition for doing glass replacement or glass repair  
34 work for the insurer that is below the market price as defined  
35 in section 516B.4.



1 must pay the reasonable and necessary cost of the repair  
2 service for covered damages, less any deductible under the  
3 terms of the policy. This section does not require an insurer  
4 to pay more for repairs than the market price.

5 An insurer may have a direct repair program and provide to a  
6 claimant, upon request, a list of participants in the direct  
7 repair program that are reasonably close or convenient to the  
8 claimant and that meet criteria, as specified in the bill, for  
9 participation in the program.

10 An insurer is prohibited from infringing on the right of an  
11 automobile repair business or location to purchase parts or  
12 supplies from a vendor of its choice.

13 New Code section 516B.5 prohibits an automobile liability  
14 insurer from establishing an agreement with any person to  
15 act as a glass broker for the insurer under which the glass  
16 broker sets a price that must be met by a glass repair shop  
17 as a condition for doing glass repair or replacement work  
18 for the insurer, that requires a glass repair shop to bill  
19 through a glass broker as a condition of doing glass repair or  
20 replacement work for the insurer, or that establishes a price  
21 that must be met by a glass repair shop that is below the market  
22 price as a condition of doing business with the insurer. An  
23 insurer is prohibited from establishing an agreement with a  
24 glass broker that has any affiliation or relation to or with  
25 manufacturing, distribution, wholesaling, or retailing of  
26 automobile glass, including windshield repair resin and tool  
27 manufacturers, distributors, wholesalers, and retailers.

28 An automobile liability insurer is also prohibited from  
29 requiring an insured to use a particular company or location  
30 for providing automobile glass replacement, glass repair  
31 services, or glass products pursuant to the policy. An insurer  
32 is not required to pay more than the market price for such  
33 services.

34 For the purposes of Code section 516B.5, a "glass broker"  
35 means an automobile glass company that acts as a third-party

1 agent for an automobile liability insurer whenever the company  
2 enters into agreements with other automobile glass dealers to  
3 provide glass replacement or repair services or glass products  
4 for the insurer.

5 For the purposes of the bill, "market price" means either the  
6 price agreed upon between the insurer and the policyholder or  
7 the service provider, or the price that is reasonable within  
8 the market of the local area where the repair or replacement is  
9 being performed. The market price cannot be less than the cost  
10 of the repair or replacement to the service provider.