

**House Study Bill 529 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON COWNIE)

**A BILL FOR**

1 An Act concerning 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 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with  
20 the explanation's substance by the members of the general assembly.

21 This bill relates to choice of automobile repair facilities  
22 under automobile liability policies issued or renewed in this  
23 state.

24 New Code section 516B.4 prohibits an automobile liability  
25 insurer from requiring that a claimant under the policy use  
26 a particular automobile repair business or location for an  
27 estimate or repair. A claimant may use any automobile repair  
28 business or location of the claimant's choice and the insurer  
29 must pay the reasonable and necessary cost of the repair  
30 service for covered damages, less any deductible under the  
31 terms of the policy. This section does not require an insurer  
32 to pay more for repairs than the market price.

33 An insurer may have a direct repair program and provide to a  
34 claimant, upon request, a list of participants in the direct  
35 repair program that are reasonably close or convenient to the

1 claimant and that meet criteria, as specified in the bill, for  
2 participation in the program.

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

6 For the purposes of the bill, "automobile repair business  
7 or location" does not include a business or location that  
8 exclusively provides automobile glass replacement, glass repair  
9 services, or glass products. The bill defines "market price"  
10 as either the price agreed upon between the insurer and the  
11 policyholder or the service provider, or the price that is  
12 reasonable within the market of the local area where the repair  
13 or replacement is being performed. The market price cannot be  
14 less than the cost of the repair or replacement to the service  
15 provider.