



SOCIETY OF COLLISION REPAIR SPECIALISTS

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Distributed via email on March 31, 2016 (Rhonda.West@state.de.us)

Rhonda West, Regulatory Specialist
Delaware Department of Insurance
841 Silver Lake Blvd.
Dover, DE 19904

Ms. Rhonda West,

I am writing to you not only as the executive director of the Society of Collision Repair Specialists, the largest national trade association solely dedicated to representing collision repair facilities across the U.S., but also as a resident and consumer in the great state of Delaware.

Typically, our national organization does not comment on state-level regulation or legislation, but in the absence of a local association representing the collision repair industry in Delaware, and the fact that the Department of Insurance does not plan to hold a public hearing on the proposed amendment to Title 18, Regulation 602, we felt it was prudent to provide you with written response for consideration.

We have concern over the complications that would arise from the regulation, specifically the quality of settlements that will result from photo-based appraisals. While the proposed amendment allows for the consumer to request a physical inspection of their property, it fails to account that consumers are generally unfamiliar with the damage evaluation process and what would represent a fair or comprehensive damage analysis. Further, physical inspections allow for consumers to be notified if the damage incurred inhibits the safety of their vehicle or impacts vehicle functionality.

In fact, safety concerns led to the repeal of a similar measure in Massachusetts that only remained in effect for 14 months. In 2015, the Massachusetts Auto Damage Appraiser Licensing Board reversed their decision of Advisory Ruling 2014-01 which allowed licensed appraisers to use photos and videos instead of a physical inspection during the estimating process. The 2015 decision (<http://www.mass.gov/ocabr/docs/doi/mvda/mvda-advruling-2014-01-repeal.pdf>) was based on concerns that the process could result in inaccurate appraisals and provided a way around the Massachusetts requirement that vehicles with at least \$1,500 in damage were personally inspected by an appraiser.

The Delaware proposal opens the door for such potential areas of inaccuracy, and further places no restriction on the size or scope of damage that could be appraised and/or settled in such a way.

While technology is advancing in a way that can seemingly create efficiencies for the initial claims settlement, it is also advancing even more rapidly in the technology seen in the modern vehicle. That advanced automotive design, architecture and functionality requires even more trained expertise to capture the necessary repair operations than ever before.

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While some claims settlement processes that avoid a physical inspection may appear to provide the advantage of convenience to consumers interested in settling their claim quickly, these same processes can lead to lower appraisals from insurance companies and claims settlements that don't reflect the costs of repair. Consumers are best served by a process that protects them with thorough diagnosis of damage at the onset of claim and repair process.

Further, some major carriers have openly discussed in industry forums that information about an accident gleaned from a vehicle's own systems, coupled with historic claims data, could potentially reduce the need for the traditional estimating process. It is our belief that the proposed amendments that repeal consumer protections offered by physical inspection requirements open the door for settlement practices that produce much greater advantages to insurers interested in mitigating losses than they do to consumers in search of convenience.

I urge you, on behalf of Delaware consumers, to withdraw the proposed regulation in favor of maintaining the consumer protection offered by physical inspection of property damage.

If you have any further questions, I can be reached at the contact information below, or would be happy to meet in person.

Best regards,

A handwritten signature in black ink, appearing to read 'ASL' with a large flourish underneath.

Aaron Schulenburg
SCRS Executive Director