



CALIFORNIA
AUTOBODY
ASSOCIATION

CA Dept of Insurance proposes new regulations to address Auto Body Labor Rate Surveys and Strengthen Anti-Steering Laws

The California Department of Insurance (DOI) has proposed regulations to address auto body labor rate surveys and strengthen anti-steering issues.

Auto Body Repair Labor Rate Surveys. The proposed regulations are intended to address the issue of inconsistent, unreliable and inaccurate auto body labor rate surveys used by insurers to settle or adjust claims. The proposed regulations will clarify the standards that govern the procedures for conducting and reporting labor rate surveys and shall do the following:

- Standardization. Standardize auto body labor rate surveys to effectuate fair and equitable claim settlements or adjustments of labor rates
- Currentness. Surveys conducted shall contain current labor rates.
- Sample Size. Insurers shall be required to send a survey questionnaire to all Bureau of Automotive (BAR) licensed auto body repair shops in the specified geographical area.
- Auto Body Repair Facilities. Labor Rate Surveys shall use only labor rates of auto body shops licensed with BAR.
- Equipment & Insurance. Only labor rates reported by auto body shops that meet specified equipment, insurance and other specified requirements may be used in the Labor Rate Survey.
- No DRP's Rates. Labor Rate Surveys shall not use any discounted rate or DRP rates in survey to determine prevailing auto body rate.
- Geographical Areas. Labor Rate Surveys must follow specified geographical areas as outlined in the regulations.
- Standard Questionnaire. Insurers must use a specified Standardized Labor Rate Survey Questionnaire as outlined in the regulations.
- Direct Responses from Shops. Only direct responses from the shop based on the Standard Questionnaire will be acceptable. Labor rate surveys cannot rely on estimates, third party estimating software systems or subrogation reimbursements.
- Surveys Public Information. The Labor Rate Survey shall be submitted by insurers and reported to the Dept of Insurance. Results made public.

Strengthening the Anti-Steering laws. Consumers have a right to choose where they have their car repaired. Unfortunately, steering is still occurring even after the consumer clearly states to the insurer that they wish to have their car repaired at the shop of their choice. The proposed regulations will:

- Prohibit insurers from making untruthful and deceptive statements that unreasonably influence a customer's right to select their auto body facility.
- Prohibit disparaging and discrediting statements of a customer's chosen specific shop without specific documentation.
- Prohibit consumers from driving an unreasonable distance or wait an unreasonable amount of time to have their cars inspected by insurers.

**Public hearings are on these regulations are scheduled for April 21, 2016 (Auto Body Repair Labor Rate Surveys) and April 22, 2016 (Anti-Steering in Auto Body Repairs) at 10:00 am in Sacramento. For more information and to access documents concerning these proceedings go to: www.insurance.ca.gov. Click on "Insurers" then "Legal Information" then "Proposed Regulations" then "Search for Proposed Regulations." When "Proposed Regulations" screen appears, you may choose to find documents by conducting a search for "REG-2012-00002" or by browsing for them by name as "Auto Body Repair Labor rate Surveys" and "REG-2015-00015" or browse by name "Anti-Steering in Auto Body Repairs".