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800-274-3531

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Sioux City, IA 51104
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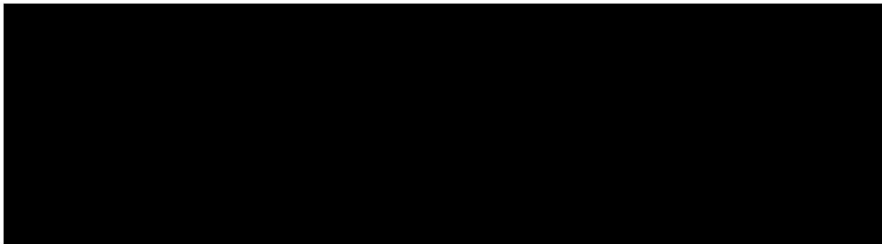
Sioux Falls Claims Office
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Sioux Falls, SD 57109-1001
800-274-3531

December 29, 2016

Ron Peters
Market Regulation Analyst
Iowa Insurance Division
601 Locust Street – 4th Floor
Des Moines, IA 50309-3738

[Via Email Only to Ron.peters@iid.iowa.gov](mailto:Ron.peters@iid.iowa.gov)

RE:



Complainant Mark Jaeger
Complaint no. 92808

Dear Mr. Peters,

We are in receipt of your letter along with the complaint filed with your department by Mark Jaeger, an employee at Precision Collision. Wadena Insurance Company insures all of the above insureds with a personal auto policy. All of the claims involved repairs to our insured's vehicles at Precision Collision in Manchester, Iowa.

As your department is aware, many of the major automotive manufacturers have recently published "collision position statements", or something similar, relative to pre- and post-scanning of vehicles that have been involved in an accident. The statements were slowly released this past Summer and Fall. Most of the statements recommend or strongly recommend pre- and post-scans and also suggest to shops certain scanners they should purchase. As these statements, and their suggested procedures – which vary by manufacturer, are new to the automotive repair industry, The IMT Group has been addressing the need for and the amount of payment for vehicle scans on a case-by-case basis.

We refer you to the Wadena Insurance Company personal auto policy:

PART D - COVERAGE FOR DAMAGE TO YOUR AUTO

INSURING AGREEMENT

A. We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including their equipment, minus any applicable deductible shown in the Declarations. If loss to more than one "your covered auto" or "non-owned auto" results from the same "collision", only the highest applicable deductible will apply. We will pay for loss to "your covered auto" caused by:

1. Other than "collision" only if the Declarations indicate that Other Than Collision Coverage is provided for that auto.
2. "Collision" only if the Declarations indicate that Collision Coverage is provided for that auto. If there is a loss to a "non-owned auto", we will provide the broadest coverage applicable to any "your covered auto" shown in the Declarations.

LIMIT OF LIABILITY

A. Our limit of liability for loss will be the lesser of the:

1. Actual cash value of the stolen or damaged property; or
2. Amount necessary to repair or replace the property with other property of like kind and quality.

Like most personal auto policies, this is an agreement to pay for direct and accidental loss and to pay an amount necessary to "repair or replace the property with other property of like kind and quality".

██████████ Our insured has a 2015 Kia. Wadena Insurance Company wrote our own estimate of repairs, sent to ██████████ and to the body shop on July 27, 2016. We received a supplement from Precision Collision on August 17, 2016 which included the vehicle scans. Wadena Insurance Company paid for the scans on a supplemental basis in this case. A copy of our supplement and our payment is attached.

██████████ Our insured has a 2014 GMC. On September 26, 2016 we discussed with the shop that General Motors did not have a "position statement". There were no Malfunction Indicator Lights ("MILs"), no visible electrical damage, and no airbags deployed. We told the shop that we did not see a need for vehicle health scans. Wadena emailed our estimate to the shop on September 27, 2016. We were unaware of any further issues regarding repairs as we never heard from the shop again about this job, nor did we receive a supplement from the shop.

██████████ Our insured has a 2012 Chrysler. Wadena Insurance Company prepared an estimate on October 26, 2016 and sent it to Precision Collision. There were no MILs, no visible electrical damage, and no airbags deployed. On November 4, 2016 we received a supplement for various items, including vehicle scans. We paid for some of the items, but not the scans as we did not authorize them and we did not feel that they were needed, given the scope of damage to the vehicle.

██████████ Our insured has a 2012 Dodge. We inspected this vehicle at the shop and had a discussion with the shop as to the scope of damages. Our adjuster explained that we were not going to pay for the vehicle scans for this particular loss due to the type and extent of damage. There were no MILs, no visible electrical damage, and no airbags deployed. We then sent our estimate to the shop. We were unaware of any further issues regarding repairs as we never heard from the shop again about this job, nor did we receive a supplement from the shop.

██████████ Our insured has a 2014 Buick. We inspected the insured vehicle and sent our estimate to the shop (without any discussion about the repairs). There was no General Motors "position statement" at the time. There were no MILs, no visible electrical damage, and no airbags deployed. Precision Collision never asked us about vehicle scans or mentioned it otherwise. We were unaware of any further issues regarding repairs as we never heard from the shop again about this job, nor did we receive a supplement from the shop.

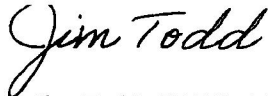
Our insured has a 2015 Jeep. When we inspected the insured vehicle, there were no MILs, no visible electrical damage, and no airbags deployed. We did advise the shop that if there were accident-related codes from a scan they could submit them on a supplemental basis and we would consider payment. We issued payment to our insured on December 12, 2016. It is our understanding that the repairs have not yet been completed.

Since our handling of these six claims, and others, we have found that body shops can purchase the software for pre- and post-scanning. In addition, they can purchase scanners. Of course, these would be their tools to perform repairs, much like paint guns, or other shop tools or supplies. In talking with a number of shops, it seems logical that we may need to pay the labor time for the pre-scan and the post-scan, and that time to include the reading and comprehension of the information. It has been suggested that we allow 0.4 hours for the pre-scan and 0.4 hours for the post-scan, for a total of 0.8 hours labor (the shop would already have purchased the software and scanners).

Again, The IMT Group has not yet formulated its position as to vehicle health scans, but the information in the preceding paragraph appears to be an outline of where we may be heading. In the meantime, we will continue to evaluate this on a case-by-case basis.

We hope this explains our handling of the claims presented by Precision Collision in their complaint.

Sincerely,



Jim Todd, CPCU, AIC
Senior Claims Manager
jim.todd@theimtgroup.com

Attachments

Cc: Sean Kennedy
President & CEO
The IMT Group

Cc: Chris Owenson
Vice President – Claims
The IMT Group

Cc: Tim Welch
Director of Claims
The IMT Group