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WASHINGTON, DC 20510

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The Honorable Eric Holder
Attorney General of the United States
Robert F. Kennedy Building
950 Pennsylvania Avenue NW
Washington, DC 20530

Dear Attorney General Holder:

As a longtime advocate of consumer choice, I write to bring to your attention to troubling new evidence that our nation's top auto insurers continue to engage in anticompetitive and possibly illegal tactics to pressure consumers into repairing their vehicles at insurer-preferred repair shops. As uncovered in a special investigation featured on *Anderson Cooper 360* Wednesday evening, insurance steering not only undermines a basic consumer right, but can also compromise the safety of vehicles on our nation's roads—endangering motorists and their passengers.

I urge the Department of Justice (DOJ) to immediately investigate such practices by the auto insurance industry and act swiftly to protect the safety of consumers and preserve competition in the auto repair industry.

As junk yard, remanufactured, and used parts of substandard quality become increasingly widely available, auto insurers are adopting alarming new ways to save money at the expense of consumer safety. Contrary to what consumers may be led to believe by their insurers, repair shops preferred by insurers do not necessarily equate with quality repairs. It seems to be common knowledge among auto repair shops that the best way to land a coveted spot on an insurer's preferred list is not necessarily by delivering consistent, quality service, but by agreeing to charge below-market labor rates and use cheaper, salvaged, used, or even counterfeit parts of questionable quality and safety. Unfortunately, many consumers are also being misled into thinking that they are required to have their car repaired at one of these shops. This has the harmful effect of limiting consumer choice, creating a serious safety risk, and suppressing competition in the auto repair industry.

According to a 1963 consent decree with the DOJ, a number of insurers were ordered to stop: "sponsoring any appraiser; directing, advising or otherwise suggesting any person or firm do business with any independent or dealer-franchised automotive repair shop; exercising control over the activities of any appraiser; and fixing or otherwise controlling the prices charged by automotive repair shops for the repair of damage to the vehicle or for labor in connection therewith, by use of a flat rate." Over 50 years have since passed, and consumers and auto

repairers possibly remain victims of the very same misconduct insurers were directed to stop doing decades ago.

I urge the DOJ to investigate and make a determination as to whether such practices violate the 1963 consent order or any other current federal laws. As you investigate this matter, I urge you to use your authority to investigate the contents of contracts between insurance companies and facilities listed in their direct repair programs or preferred lists. I would also like to request an update regarding DOJ's understanding of the current signatories of the 1963 consent decree and whether they continue to be bound by the consent decree in light of business transactions in the years since the decree was signed.

Thank you in advance for your prompt attention to this important matter harming consumers and the auto repair industry, and compromising vehicle safety.

Sincerely,



Richard Blumenthal
United States Senate