

Commissioner of Securities and Insurance

Troy Downing
Commissioner



Office of the
Montana State Auditor

August 6, 2024

Claims Team Manager, Business Lines APD
Liberty Mutual Insurance
8-1C Route 73 South
Marlton, NJ 08053

Ref: DOI File Number: _____
Complainant: _____
Policy Number: _____
Claim Number: _____
Date of Loss: May 16, 2024

Dear _____

Thank you for your response on behalf of Liberty Mutual Insurance ("Liberty Mutual") dated July 8, 2024, regarding the above-referenced claim. We have reviewed your response concluding that Liberty Mutual has paid for the reasonable costs of repairs associated with _____ ("claimant") vehicle. This agency ("Insurance Department") does not agree.

While we appreciate that Liberty Mutual has issued numerous payments on this claim, that does not justify it from paying for all costs of covered repairs that are reasonable and objectively supported by evidence. Specifically, in support of Liberty Mutual's continued denial of the remaining repair costs, you stated (*your text italicized*):

- (1) *"Our investigation revealed, Aim headlamps was not allowed as the headlamp was only removed for a refinish operation, then re-installed back to its original position. If the headlamp was replaced due to the loss, we would allow to aim it."*

Respectfully, this explanation is not credible on its face. You state that Liberty Mutual would allow aiming the headlamp if the headlamp was replaced due to loss. In this case, due to the loss caused by your insured, the headlamp of the

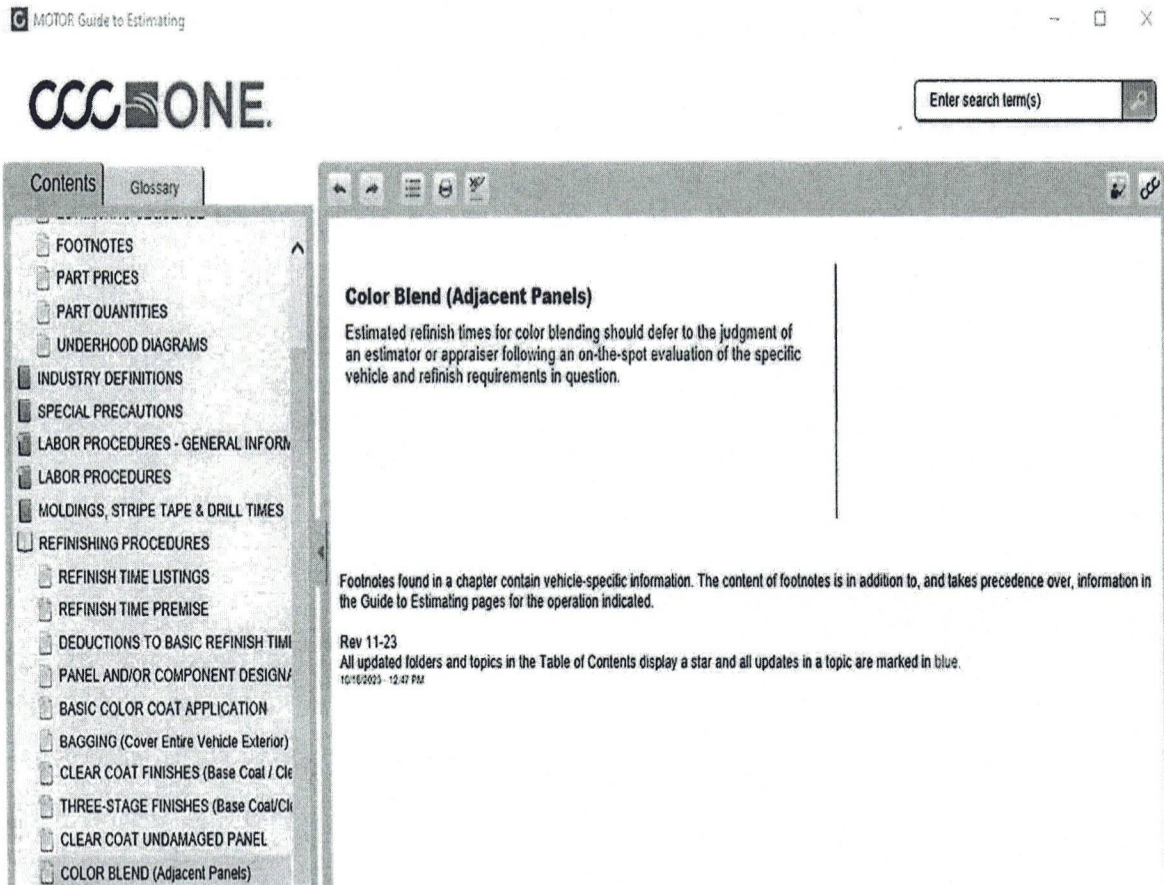
claimant's car was removed for a covered refinishing operation and reinstalled. In both instances, the headlamps were removed due to a covered loss. Improperly aimed headlights are essential for safe driving at night or in low-light conditions for both the driver of the car and other drivers on the road. Safety alone requires coverage of the headlamp aiming procedure whatever the reason for removal.

I-CAR supports coverage of the headlamp aiming procedure when it states, "Headlamp aiming should be checked every time the headlamps are **removed or replaced**. This will verify if the lights need adjustment." Bolded emphasis added. I have attached a copy of the applicable I-Car screenshot. Based on this information, coverage of the headlamp aiming is an allowable expense, please make immediate payment as requested by Capital Collision on behalf of the claimant.

- (2) *"Additionally, the shop, Capital Collision, is requesting full refinish time when we hold to 50% of the refinish time. They contend their refinish study supports more time, however, we are successful with shops accepting 50% blend times. This time is well established, and their blend study is unverified."*

If Liberty Mutual is going to claim that it is "successful with shops accepting 50% blend times" and "this time is well established, and their blend study is unverified," it may not simply do so without providing sufficient, supporting documentation. Liberty Mutual's opinions will not be deemed credible without current verified studies and supporting documentation, whether in this case or any other case.

Specifically, in refute of your assertion that "their blend study is unverified," in October 2023, Motor Information Systems (MOTOR) removed the previous blend percentages, changing the Estimated Worktime Development Methodology for color blend within the MOTOR Guide to Estimating (GTE). MOTOR now states, "Estimated refinish times for color blending should defer to the judgment of an estimator or appraiser following an on-the-spot evaluation of the specific vehicle and refinish requirements in question." In making the change, MOTOR concluded that the formula (before October 2023) did not reflect the many variations encountered with modern vehicle finishes and designs. See CCC GTE screenshot, refinishing procedure, "Color Blend (Adjacent Panels)."



Without an on-the-spot evaluation, logic would dictate that Liberty Mutual's position would be without factual data and, therefore, insufficient to make a correct determination. If Liberty Mutual conducted an on-the-spot evaluation of _____ vehicle as required by the GTE estimating system, please provide that information. If Liberty Mutual did not conduct an on-the-spot evaluation of the claimant's vehicle to determine refinish time, please make immediate payment as requested by Capital Collision on behalf of the claimant.

- (3) *"The paint material invoice includes refinish materials for full refinish on the blended panels which we did not allow at the amount the shop requested. It also includes inflated pricing for individual items when compared to other vendors The material invoice generated using EAGLE is not an actual invoice from the shop's vendor. We allowed reasonable dollars for the materials requested."*

These are claims unsupported by any facts or data provided by Liberty Mutual.

August 6, 2024

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Q CAPITAL COLLISION CENTER

ORDERS

Recent Orders

New Order 11

Clear List

Q Type to search...

X Camera Sc

Category	Item ID	Unit	Description	Bin	Store Qty	Order Qty	Total
Liquid - Primer	5310LG/3.5L	3.5LTR	Permasolid Light Gray MS Primer Surfacer		6	- 1 +	\$402.25
Liquid - Catalyst	3230-1	LTR	Medium Permasolid VHS Hardener		44	- 1 +	\$310.85
Liquid - Clear	8180/5L	5LTR	Permacron MS Clear Coat		11	- 1 +	\$499.85
Liquid - Primer	SEM 62213	AERO	E-Z Coat Black		3	- 1 +	\$26.95
Masking - Tape	6654	ROLL	1.5" Gold Masking Tape (24/CS.)		283	- 1 +	\$12.98
Masking - Tape	6297	BOX	1/2" X 54.6 Yds S.E. Foam Mask. Tape (D.A.R.T.)		5	- 1 +	\$107.22
Masking - Tape	6652	ROLL	3/4" Gold Masking Tape (48/CS.)		173	- 1 +	\$6.54

In fact, if you compare the above price sheet from National Coatings and Supply to Capital Collision's materials invoice, you will find for the listed products that the prices are the same, in some cases lower, and in some cases marginally higher. I do not see "inflated pricing" as you allege. This is a very serious matter when you misrepresent to the Insurance Department as fact something which is not factual.

As for the Insurance Department's position on markup of vendor prices, we feel a reasonable markup by a body shop is allowable. A body shop must use personnel time to shop and order from vendors, as well as expend capital to purchase these products in advance. Neither of those actions are free of cost. In the alternative, Liberty Mutual could search for, order, and pay for the materials in advance.

After review of the Insurance Department's position, please review this claim and immediately pay what is owed on this claim.

Sincerely,

Frank G. Cote

Deputy Insurance Commissioner

Office of Montana Commissioner of Securities and Insurance



Liberty Mutual Insurance
Commercial Claims
701C Route 73 South
Marlton, NJ 08053
856-435-2893

August 19, 2024

Office of the Montana Commissioner of Securities & Insurance
840 Helena Avenue
Helena, MT 59601

Re: DOI File Number:
Complainant:
Policy Number:
Claim Number:
Date of the loss: May 16, 2024
Line of Business: Commercial Auto
Underwriting Company: Ohio Security Insurance Company
NAIC #:

Dear Frank G. Cote,

Please accept this letter in response to your inquiry dated August 6, 2024, which was received by our Presidential Service Team.

After further review, the estimate was updated and an additional payment of \$340.13 was issued for this repair.

If you have any questions or require additional information, please contact me.

Sincerely,

Claims Team Manager, Business Lines APD
Liberty Mutual Insurance
Email: [\[redacted\]](#)
Direct Dial: [\[redacted\]](#)
Fax: [\[redacted\]](#)

Enclosures: Estimate, Proof of payment