

Changes in Mass. auto inspections debated

InsuranceTimes, April 1, 2003, Vol. XXIII, No. 6

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InsuranceTimes

BOSTON — Industry and regulatory groups discussed proposed changes to regulations on the use of aftermarket parts in repairs, reinspection requirements for insurance companies, and allowing the repair of auto glass at a recent Massachusetts Division of Insurance hearing.

DOI spokesman Chris Goetcheus said that the DOI was still reviewing the testimony and that there is no timetable for when the regulations might be revised.

Assistant Attorney General Matthew Buehler said at the meeting that he backs the changes.

"The Attorney General believes that these changes, if properly implemented, can benefit consumers and help keep auto costs down," Buehler said.

A proposal to allow the use of windshield glass repair was part of the 2003 auto rate filing.

Another change, proposed by the Auto Insurers Bureau, would require a "reasonable amount" of reinspections be conducted in order to prevent fraudulent repairs. Current laws require reinspection for 75 percent of repairs appraised for more than \$4,000, and 25 percent of repairs appraised for less than \$4,000.

"This change is expected to reduce costs by over \$1 million. It is reasonable so long as it is properly implemented to insure that there is no increase in fraud," Buehler said.

The most controversial proposals, forwarded by the Massachusetts Auto Body Association (MABA), would allow the use of original equipment parts in the repair of damaged vehicles in situations where this would result in the lowest possible repair cost.

This change would also require the use of OEM parts where the vehicle's mileage is less than 36,000 miles. The current limit for the use of the OEM parts is under 15,000 miles.

Buehler said the Attorney General's office supports this change, as long as the use of OEM parts would result in the lowest costs of repair.

However, the AG does not support the increase in mileage standard without data showing the impact on cost and without some clear indication of its benefit to consumers.

National Association of Independent Insurers spokesman Peter Robertson said the NAI also agreed on the use of aftermarket parts to lower overall repair costs for auto repair, but opposed raising the mileage limit. Robertson said MABA has not provided justification for the mileage change and that there is no evidence that the increase will offset any increases in costs or insurance rates it will produce.

The mileage requirement increase could result in an increase of more than one percent in repairable claim payments for property damage liability, collision and comprehensive coverage, which translates to a total cost of \$11.7 million, according to industry estimates.

Auto Insurers Bureau President Richard Derrig also opposed the change, arguing instead for more intensified appraisals and for allowing the repair of auto glass and the use of OEM parts as long as they allow the least possible repair costs and not just the lowest price for each individual part.

Derrig said if a change is approved any increase in mileage requirements should go into effect in 2004 so the resulting increased costs can be properly reflected in 2004 rates. The costs were not budgeted into the rates for 2003.

He said glass claims have grown over the last 10 years by about \$100 million, and that as the repair rate goes up auto rates will have to increase by about 8.5 percent to match what the decrease was in 2003. □