

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

AMENDED TEXT OF REGULATION

Anti-Steering in Auto Body Repairs

Date: September 23, 2016

CDI Regulation File: REG-2015-00015

Note: Originally proposed additions to the existing regulations are shown in underlined text and originally proposed deletions to the existing regulations are shown in ~~striketrough text~~. In this Amended Text of Regulation, proposed insertions into the originally noticed text are shown in double underline and proposed deletions from the originally noticed text are shown in ~~double striketrough~~.

Title 10, Chapter 5, Subchapter 7.5, Article 1
Fair Claims Settlement Practices Regulations

Amend Subdivision (e) of Section 2695.8. Additional Standards Applicable to Automobile Insurance.

(e) No insurer shall:

- (1) require that an automobile be repaired at a specific repair shop; or,
- (2) after a claimant has chosen an automotive repair shop, suggest or recommend that an automobile be repaired at a the claimant select a different specific repair shop, except as permitted by unless all of the requirements set forth in California Insurance Code section 758.5 have been met. For purposes of California Insurance Code section 758.5 and this section, a claimant has chosen an automotive repair shop when the claimant has specified to the insurer a specific automotive repair shop where he or she wishes to repair the vehicle. For purposes of this section, "automotive repair shop" or "repair shop" means an automotive repair dealer, as defined in Section 9880.1 of the Business and Professions Code registered with, or licensed by, the Bureau of Automotive Repair to perform automotive repairs as an auto body and/or paint shop.
- (3) communicate false, deceptive, or misleading information to the claimant, including, but not limited to:
 - (A) Advising the claimant that an inspection of the vehicle will occur at a date that is later than required by subdivision (e)(4) of this Section 2695.8.
 - (B) Advising the claimant Making a statement to the claimant to the effect that the automobile repair shop chosen by the claimant has a record of poor service or poor repair quality, or of making any other statement to the claimant with respect to the chosen similar allegations against the repair

shop, without clear documentation in the claim file supporting these statements, if the statement is known to be, or should by the exercise of reasonable care be known to be, untrue, deceptive or misleading.

(C) Advising the claimant that the automobile repair shop chosen by the claimant has a record of poor service or poor repair quality, or of other similar allegations against the repair shop, solely on the basis of the shop's participation or nonparticipation in a labor rate survey, without clear documentation in the claim file supporting these statements.

(3) (4) require a claimant to travel an unreasonable distance or wait an unreasonable period of time either to inspect a replacement automobile, to conduct an inspection of the claimant's vehicle, to obtain a repair estimate, or to have the automobile repaired at a specific repair shop.

(A) For purposes of this section, if an insurer chooses to exercise its right to inspect the damaged vehicle, the insurer shall inspect the damaged vehicle within six (6) business days after receiving the notice of claim, provided the claimant makes the vehicle reasonably available for inspection.

(B) If the insurer requests an estimate of repairs from the claimant in lieu of a physical inspection, such a request must be made within three (3) business days of notice of claim and the insurer must provide notification to the claimant that, upon receipt of the estimate, the insurer may elect to inspect the vehicle. If, after receiving the estimate of repairs from the claimant, the insurer subsequently elects to inspect the vehicle, the inspection must be made within six (6) business days following the receipt of the estimate by the insurer, provided the claimant makes the vehicle reasonably available for inspection.

(C) For purposes of this section, an unreasonable distance shall be, for cities or urban areas with a population of 100,000 or more higher population, more than ten (10) fifteen (15) miles, and for all other areas of the state, more than twenty-five (25) miles, from the location where the vehicle is located and made available for inspection by the claimant.

(D) Subdivisions (e)(4)(A) and (e)(4)(B) above notwithstanding, in the case of a third-party claim, should a third-party insurer exercise its right to inspect the damaged vehicle, the third-party insurer shall inspect the damaged vehicle within six (6) business days from the time the third-party insurer decides to inspect the third-party vehicle, provided the claimant makes the vehicle reasonably available for inspection by the third-party insurer. For purposes of the immediately preceding sentence, the third-party insurer's decision to inspect the third-party vehicle shall be deemed to have been made on the date the third-party insurer provides the

third-party claimant with the information required by Subdivision (e)(2) of Section 2695.5, in the event the decision is not made prior to that date.

(5) after the claimant has chosen an automobile repair shop, require that the claimant have the vehicle inspected at or by an automobile repair shop where the insurer has a Direct Repair Program, or at or by any other automobile repair shop identified by the insurer.

Note: Authority cited: Sections 790.10, 12921 and 12926, Insurance Code; Section 3333, Civil Code; and Sections 11152 and 11342.2, Government Code. Reference: Sections 758.5 and 790.03, Insurance Code; and Section 9875.1, Business and Professions Code.