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March 30, 2015

REG-2012-00002

**DRAFT TEXT FOR PRENOTICE PUBLIC DISCUSSIONS ON CONTEMPLATED LABOR RATE SURVEYS & ANTI-STEERING REGULATIONS**

Pursuant to Government Code Section 11346.45, the California Department of Insurance will hold pre-notice public discussions regarding changes to California Code of Regulations, Title 10, Chapter 5, Subchapter 9, Article 7 ("Auto Body Repair Labor Rate Surveys" and "Anti-Steering" Regulations).

In anticipation of these pre-notice public discussions, we have attached a draft text of the contemplated regulations. The draft regulations are intended to provide the benefits to the public listed below. Based on our initial assessment of the draft text, the Department has determined there are no other cost-effective methods that would achieve the same benefits.

The benefits to the contemplated Auto Body Repair Labor Rate Surveys Regulation are:

1. The fair and equitable settlement of claims involving auto body labor repair rates.
2. Prevent insurers from improperly deflating claims using invalid labor rate surveys.
3. Provide consumers accurate, truthful, and consistent information during the insurance claims process when their automobiles are repaired at auto body repair shops.
4. Provide clear and reliable standards to insurers for use when conducting auto body labor repair surveys.
5. Ensure that consumers are not forced to bear the costs of reasonable auto collision repair labor rates that go unpaid by insurers.
6. Ensure that insurers do not deflate auto body repair labor rates by biased sampling or surveying auto body shops with a discounted or lowered rate for which the insurer has previously contracted.
7. Ensure that insurers use specified consistent and pre-defined geographic areas so that shops within other geographic areas with lower labor rates are not included in the survey rate for the area in question.

The benefits to the Anti-Steering Regulation are:

1. Prevent insurers from making untruthful and deceptive statements that unreasonably influence a claimant's right to select their auto body repair facility.
2. Prevent insurers from making untruthful and deceptive statements during the claims process when repairing automobiles.
3. Ensure that insurers not advise consumers that inspection of their automobiles will take longer if the consumer does not take their automobiles to a specific shop.
4. Ensure that disparaging and discrediting statements as to a record of poor service of a specific shop cannot be conveyed to consumers without specific documentation.
5. Set a reasonable time limit for insurers to inspect damaged automobiles to conduct an inspection of their automobiles in the fair settlement of claims.
6. Prohibit insurers from requiring consumers to drive an unreasonable distance to have their automobiles inspected for the fair settlement of claims.

In addition to the attached draft text, we have enclosed an alternative to the definition of geographic area under Section 2698.92(k) that we are also currently considering. We welcome any suggestions for more cost-effective alternatives to the regulations set forth in the workshop draft that will provide all of the above benefits.

**CONTACT PERSONS**

Suggestions and Alternatives

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