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CHUBB

INTERINSURANCE EXCHANGE
OF THE AUTOMOBILE CLUB
(Automobile Club of
Southern California)

Date: July 6, 2023

To: Honorable Richard Roth, Chair
Honorable Janet Nguyen, Vice Chair
Members, Senate Business, Professions and Economic Development
Committee

From: Rex D. Frazier, President
Seren Taylor, Vice President
Allison Adey, Legislative Advocate

Re: AB 1263 (Committee on Business and Professions) Vehicles: Bureau of
Automotive Repair: smog check program. (As amended, June 28, 2023).

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents nine of the nation's largest property and casualty insurance companies. These companies include State Farm, Farmers, Liberty Mutual Insurance, Progressive, Mercury, Nationwide, Allstate, CONNECT by American Family Insurance and Kemper as well as associate members CHUBB, NAMIC, and Interinsurance Exchange of the Automobile Club (Automobile Club of Southern California). Collectively, these insurance companies write the majority of personal lines auto and home insurance in California.

PIFC is pleased to support AB 1263, a measure that extends the sunset date for the Bureau of Automotive Repair (BAR or Bureau) until January 1, 2028, and makes additional technical changes, statutory improvements, and policy reforms in response to issues raised during the Bureau's sunset review oversight process.

In response to significant concerns raised by insurers regarding loopholes in California law that oftentimes leave vehicle owners confused and without adequate recourse to quickly and affordably challenge towing and storage fees that they believe to be excessive, BAR established a specific email account for insurance companies to notify the Bureau when they believe an Automotive Repair Dealer (ARD) is charging unreasonable or excessive storage fees.

Upon referral, the Bureau helps negotiate a fair resolution for all parties. However, the Bureau only has authority to enforce laws in the Business and Professions Code and therefore, cannot enforce the provisions of law related to the reasonableness of towing and storage fees, which are located in the Vehicle Code (unless there is also a violation of the Business and Professions Code). Oftentimes, this lack of accountability for ARDs leaves vulnerable consumers with a terrible choice, either pay the excessive fees or abandon their vehicle entirely. Either option can unfortunately initiate or perpetuate a cycle of poverty.

This bill would authorize the Bureau to develop regulations to clarify its authority to regulate storage fees charged by automotive repair dealers.

PIFC believes that by providing much needed authority for the Bureau to educate and discipline ARD's who charge excessive towing and storage fees, AB 1263 will help BAR to carry out its mission to protect Californians through effective oversight of the automotive repair industry and administration of vehicle emissions reduction and safety programs. For these reasons PIFC supports AB 1263. If you have any questions regarding PIFC's position, please contact Seren Taylor at (916) 442-6646 or staylor@pifc.org.

Cc:

Assemblymember Marc Berman, Chair of the Assembly Committee on Business and Professions
Sarah Mason, Staff Director, Senate Business, Professions and Economic Development Committee
Kayla Williams, Consultant, Senate Republican Caucus
Christine Aurre, Deputy Legislative Secretary, Office of the Governor
Michael Martinez, Senior Deputy Commissioner and Legislative Director, California Department of Insurance