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CollisionWeek Feature

Missouri, Kansas Repairers Get a Jump on New Legislation

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Associations craft bills on steering, underwritten estimates, and database abuse.

A coalition of repair organizations is behind more than half a dozen bills in the states of Missouri and Kansas to address several hot-button industry issues.

In Missouri, Senator Wes Shoemyer has pre-filed two bills, with a third expected this week, to put some laws on the books intended to level the playing field for repairers.

Senate bill 775 is primarily aimed at steering, or deceptive referral, as it's referred to by Bob Smith, legislative consultant with Storm Appraisal and Management Service. Smith has been back and forth to the state capital raising support for the bill to promote the consumer's right to choose their own collision repair facility.

"Everyone in the industry universally agrees that consumers should be able to choose their own repairer and that deceptive referral of a consumer is wrong. Currently Missouri and Kansas have no law prohibiting the deceptive referral of consumers, and we feel that it's time that Missouri put in writing what everyone knows is right.

Under SB775, an insurer shall inform a vehicle owner immediately on first contact that they have the right to choose their own repair facility, and the insurer should discontinue any efforts to influence the vehicle owner once an owner has stated they have chosen a repair facility. A violation of this act would fall under the state's unfair trade practices law.

A second measure, Senate Bill 868, addresses the misuse of estimating databases. The act requires insurance companies to follow all components of a repair manual when appraising a damaged vehicle. Specifically, it would become an unfair trade practice to modify any estimating system without prior agreement with the repairer; or fail to use the estimating manual in its entirety; or refuse to compensate an auto body shop for documented charges that are identified in an estimating system or any industry recognized software for paint and refinishing materials calculations.

The bill allows an exception for shops under contract with an insurer through a DRP program.

The bill is closely modeled on the measure successfully passed in Rhode Island this year. "SB 868 is aimed at the misuse of collision estimating manuals and databases. We would like to see a law in place in Missouri that would ensure the proper use of all the information in a manual or database. Quite often the database is used in a manner where only part of the information is used, or the information is used improperly," Smith explained.

"According to some of our local shops, one common example of this type of practice is where some insurers are failing to recognize the need to add additional operations when they are clearly not-included in the documented procedure and are intended to be added separately," said Smith.

A third measure in Missouri is expected to be filed this week. That bill will address underwritten estimates. This bi-partisan consumer bill, would require a physical damage appraiser to write a full and correct appraisal the first time, to the best of his or her ability. "Our goal is to see all estimates written within 10 percent of the actual cost to repair," said Smith. "The bill is not intended to fault an adjuster for making an honest mistake on a few estimates or for not being able to access all the damage, but rather to strongly discourage a pattern of practice where estimates are consistently and purposely underwritten."

According to Smith, the Collision Coalition expects to mirror these three measures in the Kansas legislature as well, with the addition of a fourth piece of legislation particular to that state.

"We are trying to bring Kansas total loss thresholds in line with those of Missouri. Currently, Kansas applies salvage title laws to vehicles when the damage threshold of 75 percent is reached and that does not exclude the cost of airbags (some items are excluded from the calculations on salvage title issues). In Missouri, the damage must exceed 80 percent of the vehicle's value, and that does not include the cost of airbags and other specified items."

Smith stressed that legislation is sometimes the only route towards progress in the industry and that repairer involvement is often the most critical element for success. "Grassroots support is what moves legislation in our industry. Anyone interested in getting involved to support these bills, or others like it this year, are welcome to contact me anytime," Smith concluded.

Bob Smith can be contacted at bobsmith@storminc.com

The Missouri Collision Coalition is a result of the successful, informal cooperation between ASA, AASP, and SCRS in Missouri and Kansas.



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