

AMENDED IN SENATE APRIL 9, 2008

**SENATE BILL**

**No. 1371**

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**Introduced by Senator Correa**

February 21, 2008

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An act to add Section 758.6 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1371, as amended, Correa. Insurance: automobile repair estimates: capping.

Existing law prohibits insurers from engaging in specified acts relating to automotive repair.

*This bill would prohibit insurers from capping paint and materials charges, as defined.*

~~This bill would provide that no insurer shall recommend, apply, or include any arbitrary limit, cap, or threshold when adjusting labor, parts, or other material on any written automobile repair estimate.~~

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 *SECTION 1. The Legislature finds and declares the following:*
- 2 *The operators of auto body shops are concerned that some*
- 3 *insurance companies cap or limit their offers and payments for*
- 4 *paint and materials charges. Capping occurs when accepted*
- 5 *industry methodologies are misused in determining a reasonable*
- 6 *repair cost for paint and material charges, or a factually*
- 7 *unsupported limit is placed on these charges.*

1     *SEC. 2. Section 758.6 is added to the Insurance Code, to read:*  
2     *758.6. Insurers shall not engage in capping. For the purposes*  
3     *of this section, “capping” means offering or paying an amount*  
4     *that is unrelated to an accepted industry methodology used in*  
5     *determining paint and materials charges or placing a factually*  
6     *unsupported limit for these charges.*

7     ~~SECTION 1. Section 758.6 is added to the Insurance Code, to~~  
8     ~~read:~~

9     ~~758.6. No insurer shall recommend, apply, or include any~~  
10    ~~arbitrary limit, cap, or threshold when adjusting labor, parts, or~~  
11    ~~other material on any written automobile repair estimate.~~