

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1098

Introduced by Assembly Member Hagman

February 18, 2011

An act to amend Section 758 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1098, as amended, Hagman. Insurance: unlawful practices.

Existing law makes it unlawful for an insurer to require an auto body repair shop, as a condition of participation in the insurer's direct repair program, to pay for the cost of an insured's rental vehicle that is replacing an insured vehicle damaged in an accident, or to pay for the towing charges of the insured with respect to that accident. *Existing law authorizes a registered auto body repair shop, denied participation in an insurer's direct repair program, to report the denial to the Department of Insurance, which maintains a record of those denials, and requires an insurer, upon the request of the department, to disclose the fact that a denial was made.*

This bill would require the department's request that an insurer disclose the fact that a denial of participation in its direct repair program was made be in writing.

~~This bill would make a technical, nonsubstantive change to that provision.~~

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

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

1 SECTION 1. Section 758 of the Insurance Code is amended to
2 read:

3 758. (a) It is unlawful for an insurer to require an auto body
4 repair shop registered pursuant to Sections 9884 and 9889.52 of
5 the Business and Professions Code, as a condition of participation
6 in the insurer’s direct repair program, to pay for the cost of an
7 insured’s rental vehicle that is replacing an insured vehicle
8 damaged in an accident, or to pay for the towing charges of the
9 insured with respect to that accident. However, the insurer and the
10 auto body repair shop may agree in writing to terms and conditions
11 under which the rental vehicle charges become the responsibility
12 of the auto body repair shop when the shop fails to complete work
13 within the agreed-upon time for repair of the damaged vehicle.

14 (b) A registered auto body repair shop that is denied participation
15 in an insurer’s direct repair program may report a denial to the
16 department, which shall maintain a record of all those denials for
17 the purposes of gathering market conduct information. An insurer,
18 upon the *written* request of the department, shall disclose the fact
19 that a denial was made.

20 (c) Any insurer that conducts an auto body repair labor rate
21 survey to determine and set a specified prevailing auto body rate
22 in a specific geographic area shall report the results of that survey
23 to the department, which shall make the information available
24 upon request. The survey information shall include the names and
25 addresses of the auto body repair shops and the total number of
26 shops surveyed.

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