

CollisionWeek

Your Global Source for Collision Repair Industry News, Statistics, and Trend Analysis

Thursday, April 14, 2005

Insurers Show Concern Over Amended DRP Disclosure Bill

On Wednesday the Business & Economic Development committee of the Oregon Senate amended and approved the bill which would require that shops disclose the existence of any DRP agreement to consumers.

In the newly amended version of the bill, DRP shops would now be required to keep copies of their DRP contracts on the premises for consumers to review upon request. The committee passed the amended bill, sending it to the Senate floor, and the Property Casualty Insurers Association of America (PCI) is now urging the Oregon Senate to reject the legislation.

PCI Regional Vice President Sam Sorich said this bill would "mislead consumers about a valuable program designed to provide quality repairs."

Under SB 210, shop participating in a DRP program would be required to post a sign that reads: THIS REPAIR SHOP HAS A FINANCIAL AGREEMENT WITH ONE OR MORE INSURANCE COMPANIES TO DIRECT BUSINESS TO THIS FACILITY. DETAILS OF THESE AGREEMENTS ARE AVAILABLE UPON REQUEST.

By the word 'details,' the bill clearly means a copy of the DRP agreement as it goes on to say that shops "shall keep a copy of the agreement on the premises of the shop and shall provide a copy of the agreement or an explanation of the details of the agreement to any person upon request."

Excerpt from SB 210

(4) As used in this section, 'preferred provider agreement' means an agreement to provide an insurer that issues motor vehicle liability insurance policies with a discounted price for

PCI's Sorich says the disclosure is inaccurate and misleading to consumers. "Insurers can not and do not direct claimants to repair facilities. They can, and do, suggest shops where they know quality work will be performed. The added bonus to consumers is the repairs done by 'preferred' shops are guaranteed for the life of the car," said Sorich.

limitation on the scope of work performed in exchange for the insurer's suggestion of the motor vehicle body and frame repair shop as a shop in which a person with a physically damaged vehicle may obtain repairs.

The PCI is concerned about the confidentiality of insurers' DRP agreements. "Providing a copy of a confidential contract would violate the non-disclosure clause in the contract, jeopardizing the privacy of the parties to the contract. It would also raise other legal issues if the customer provides the agreement or contract to a third party," Sorich said.

The PCI feels that the result of the disclosure requirement could be a reduction in such agreements due to the possible unwillingness of some current participants to make confidential agreements available. According to the PCI, this would impact consumers by making fewer of these "preferred" shops available to them.

The law however, is concerned only with DRP contracts that contain an agreement to provide an insurer "with a discounted price for parts or services or a limitation on the scope of work." Should a contract not require discounts (or a limitation on the scope of work), it would not fall under the definition of a preferred provider agreement in Oregon, and could remain confidential.

More than 300 PCI member companies do business in Oregon accounting for over 40 percent of the personal auto insurance in the state.