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BULLETIN 97-02

TO: Personal Automobile Insurers Subject to M.G.L. c. 26, §8G and Regulation 212 CMR 2:00

FROM: Linda Ruthardt, Commissioner of Insurance

RE: Claim Repair Practices

DATE: April 29, 1997

The purpose of this bulletin is to remind all concerned parties that the laws of Massachusetts and the various regulations issued thereunder prevent any claim person from steering or directing an insured of any company to or from a particular auto body repair shop. We also want to confirm that Bulletin 94-03, issued on April 15, 1994, regarding the distribution of the list of registered auto body shops from Massachusetts by County is still in effect.

Please make sure that your staffs, and agents are reminded that:

Claims programs should make clear to consumers the differences between the insurer's obligations when insureds use shops that are and are not on the insurer's referral list as regards guaranty for work, claims payment techniques, and the like.

Claimants should not be "steered" away from shops, but, conversely, they should be told if they are using shops that are not legal - i.e., unregistered.

Unregistered shops should be reported to the authorities.

Any "extra special deals" related to using referral particular shops would need to comply with state law and regulation.

While so far none of the reports we have received alleging that insurers and shops may be cooperating in ways that exceed those allowed by state law or regulation have been proven, we are concerned that there appears to be some confusion on the part of consumers. Consumers with claims are already under some stress, and good customer service includes minimizing confusion in the claims adjustment process.

Last, we are concerned that consumers do not always appear clear on who is obligated to pay storage charges and under what circumstances. Please assure that consumers receive clear information about how their coverage responds to such charges, including any information they need that will help them avoid unpleasant surprises relating to mechanics liens.