

**Statement of the National Association of Mutual Insurance Companies  
To the Auto Damage Appraiser Licensing Board**

**Regulation Review: 212 CMR 2.00**

May 4, 2016

The National Association of Mutual Insurance Companies (NAMIC)<sup>1</sup> appreciates the opportunity to offer this statement regarding the Auto Damage Appraiser Licensing Board (ADALB) regulation review and to respond to the NOTICE OF MEETING (Notice) outlining the subject matter for today's meeting.

The Notice both mentioned possible changes the Board may be considering and invited comments on areas worthy of modification. The purpose of this letter is to mention concerns with some of those possible changes mentioned as well as to ask for an opportunity to discuss and respond to additional changes as the process moves forward.

Importantly, NAMIC asks that you avoid changes that may result increased costs or that may adversely impact the competitive environment in Massachusetts. Several of items listed in the Notice may fall into this category. For example:

- To require all costs to be negotiated without regard to an insurer's direct payment plan or referral shop plan may be highly disruptive, possibly resulting in dismantling those plans and in higher costs for all those in the system.
- To remove the "less the deductible" wording may increase significantly the number of personal inspections/appraisals insurers would need to complete and may generate more expense and cost for all those in the system. Some suggest (and NAMIC agrees as referenced below) that the preferred approach would be to raise the \$1,500 amount.
- To mandate shorter time periods - whether the time and appraisal must be sent or the time an insurer must inspect a vehicle when a supplementary appraisal has been made - may negatively impact insurer operations (demanding more manpower) and may ultimately generate greater expense and cost for all those in the system.

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<sup>1</sup> NAMIC is the largest property/casualty trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC consists of more than 1,300 property/casualty insurance companies serving more than 135 million auto, home and business policyholders, with more than \$208 billion in premiums accounting for 48 percent of the automobile/homeowners market and 33 percent of the business insurance market nationwide. In Massachusetts, NAMIC members write about 57% of the auto insurance.

- To invite possible increases in fraud by allowing tear downs in situations in which the insurer has not given prior consent (notice alone may not be enough). Also, tear downs on cars that are ultimately total losses may greatly reduce the salvage value and therefore may impact costs.
- To allow certain body shop overhead to be passed through to insurers is inappropriate. Delay costs should not be charged back to insurers / customers and overhead like shipping and handling costs should be considered a cost of doing business for the body shops.
- Without knowing more, to require use of specific manuals and data systems may be unnecessarily restrictive and may impact current appraisal practices and costs.

Turning to those areas we ask the ADALB to consider as worthy of modifying, kindly see the Statement of the Massachusetts Insurance Federation (MIF) on its two principal changes:

- To expressly allow the use of video and/or digital images given advances in technology as well as in demand by some consumers. This seemingly benefits consumers by resolving claims more quickly and insurers by reducing costs.
- To increase the threshold at which an appraiser must be assigned would adjust for increased costs since the threshold was last changed.

In addition, NAMIC would like to suggest some other items that may afford greater operational ease:

- To allow for appraiser license reciprocity with other states lessens the time and costs for those who have met the requirements elsewhere.
- Similarly, to require three months of appraisal experience in Massachusetts should be waived where an appraiser has gained such experience in another jurisdiction.

Respectfully, NAMIC reserves the right to provide further comments as the regulatory process moves forward and urges careful consideration of the costs of regulatory changes.



Cate Paolino  
 Director – State Affairs, Northeast Region  
 National Association of Mutual Insurance Companies (NAMIC)