

State Farm
Corporate Headquarters
1 State Farm Plaza
Bloomington, IL 61710-0001

Keith Berlin
Counsel
Corporate Law Department A-3
Phone: (309) 766-3514
keith.berlin.tsb0@statefarm.com

Via Electronic Mail

May 2, 2016

Steven Zavackis
Executive Secretary of the Board
Auto Damage Appraiser Licensing Board
1000 Washington St., Suite 810
Boston, MA 02118-6200
Steven.Zavackis@MassMail.State.MA.US

RE: Comments Regarding Recommend Modifications to 212 CMR 2.00, the Rules and Regulations Governing Motor Vehicle Damages Appraisers

Dear Board Members:

State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Company (together "State Farm") submit for consideration the following comments on potential modification to 212 CMR 2.00, the rules and regulations governing motor vehicle damages appraisers. State Farm is the number one writer of personal auto insurance in the United States with policies in every state. State Farm takes great pride in its claim handling and in the training and supervision of its appraisers. State Farm's recommendations are based on its more than ninety years of experience handling auto claims. Thank you for considering State Farm's below comments.

Recommended Modifications to 212 CMR 2.02 – Licensing Requirements and Standards for Appraisers

1. 2.02(1): The current language requires the license "be renewed annually on July 1st." State Farm recommends two year renewal terms. Model acts for appraiser licensing provide for two year renewal terms. A change to a two year term would make this more uniform with other jurisdictions and would require less administration providing potential savings for insurers, appraisers, and the Commonwealth of Massachusetts.
2. 2.02(2): The current language states: "No applicant shall be considered competent unless the applicant has assisted in the preparation of appraisals for at least three months under the close supervision of a licensed appraiser." Although State Farm can appreciate such requirement for appraisers within the Massachusetts body shop industry, State Farm recommends that such requirement not apply to insurers where the applicant is licensed

and has conducted appraisers for three months in other jurisdictions. As many staff appraisers do not live in Massachusetts and have conducted licensed appraisals in other jurisdictions, such requirement is burdensome from a travel expense and time away from work perspective.

3. 2.02(3): This provision requires that an applicant "pass an examination given under the supervision of the Board." State Farm recommends that Massachusetts consider modifying this requirement to allow for license reciprocity with other states that require an applicant pass an examination prior to becoming a licensed appraiser. For insurance companies, many times appraisers will not be located within Massachusetts. The requirement that the examination (at least Part II of the examination) be taken in Massachusetts is burdensome from a travel expense and time away from work perspective.
4. Application Requirement: Although not listed in the regulation, a current application requirement is to obtain three signatures from citizens of Massachusetts that are personally acquainted with the applicant and believe him/her to be trustworthy and competent to as a Motor Vehicle Damage appraiser. This requirement is extremely difficult from many insurer staff appraiser's to meet as they do not live in Massachusetts. State Farm recommends this requirement be modified to remove the requirement or to allow for such signatures of any citizen of the United States.

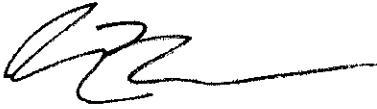
Recommended Modifications to 212 CMR 2.04 – Procedures for the Conduct of Appraisals and Intensified Appraisals

1. 2.04(1)(e) -Timing: Currently the appraiser is required to transmit the completed appraisal within five business days of the assignment. The notice of the meeting mentions considering making a change to three business days. Five business days is a reasonable amount of time while not creating undue delay. State Farm recommends the timing remain at five business days.
2. 2.04(1)(e) – Defining Particular Costs: The current regulation states: "The appraiser shall itemize the cost of all parts, labor, materials, and necessary procedures required to restore the vehicle to pre-accident condition and shall total such items." The notice of the meeting states that the Board is considering "defining particular costs to be included in appraisals such as shipping and handling costs and delay costs in repair cycling time." These costs would be extremely difficult to specify for each repair/appraisal. In addition, these costs should be considered overhead. State Farm recommends that these shipping and handling costs and delay costs in repair cycling time not be required to be included in appraisals.
3. 2.04(1)(h): Currently for a supplemental appraisal the appraiser is required to personally inspect the damaged vehicle within three business days of the receipt of such request. The notice of the meeting mentions considering making a change to two business days. Three business days is a reasonable amount of time while not creating undue delay. State Farm recommends the timing remain at three business days.
4. 2.04(2): The emergency licensing process is critical for insurers to be able to respond during catastrophe events. State Farm believes this provision shall remain in place. In addition, State Farm recommends the Board institute an electronic submission process for emergency licenses. This electronic submission process could include email, a portal, etc. In addition, submitting social security numbers for emergency licenses creates information security concerns. State Farm recommends that instead of social security number, that the

application require the National Producer Number (NPN). The NPN is a unique number given to each licensed adjuster by NIPR and will allow the Board or the Massachusetts Division of Insurance to research that individual and verify licensure.

Thank you again for considering State Farm recommendations. Please contact me if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to be 'K. Berlin', with a long horizontal flourish extending to the right.

Keith R. Berlin
Counsel