

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1190 (Delegate Impallaria)
Economic Matters

Consumer Protection - Auto Body Repair Facilities - Regulation

This bill provides that, under the Automotive Repair Facilities Act, the Consumer Protection Division in the Office of the Attorney General has authority over the business practices of an auto body repair facility in which a motor vehicle liability insurer has a financial interest. The division must adopt regulations regarding damage estimates and appraisals and may adopt other regulations it determines to be necessary. An employee of an auto body repair facility in which an insurer has a financial interest must provide a customer with a written notice that the customer is not required to obtain an appraisal at the facility or have the vehicle repaired there. The facility must post a prominently displayed notice stating that: (1) notes that an insurer has a financial interest; (2) names the insurer; (3) the customer is not required to obtain an appraisal at the facility; and (4) the customer is not required to have the vehicle repaired at the facility.

Fiscal Summary

State Effect: Adoption and enforcement of regulations under the bill could be handled with the existing resources of the Consumer Protection Division.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Under the Automotive Repair Facilities Act, an automotive repair facility must generally provide a written estimate for repairs, prepare an invoice of completed

repairs, and unless waived by a customer, return all replaced parts to the customer. Violation of the Act is an unfair or deceptive trade practice under the Maryland Consumer Protection Act.

For motor vehicle insurance, an adjuster, appraiser, or insurance producer or employee of an insurer may not: (1) recommend the use of a specific repair service or source for the repair or replacement of property damage to a motor vehicle without informing the claimant or insured that the claimant or insured does not have to use the recommended repair service or source; (2) require an appraisal or repair to be made in a specific shop; (3) require a claimant or insured to use a specific contractor or repair shop; or (4) intimidate, coerce, or threaten a claimant or insured to use a specific contractor or repair shop. Intentional violators are subject to: (1) a maximum civil penalty of \$1,000 for each violation; and (2) denial, suspension, or revocation of any license issued by the Maryland Insurance Administration.

Under these provisions, an adjuster or appraiser is a person that: (1) is employed by an insurer as, solicits business as, or represents to an insurer that the person is an adjuster or appraiser of claims for loss or damage covered by a motor vehicle insurance policy; or (2) under a contract, performs adjustments or appraisals for loss or damage covered by a form covering an automobile of security other than insurance.

Additional Information

Prior Introductions: A similar bill, HB 1124 of 2004, received an unfavorable report from the Economic Matters Committee. HB 1124 would have granted the Maryland Insurance Commissioner similar regulatory authority.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2005
mam/jr

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