

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE

House Bill 1189  
Economic Matters

(Delegate Impallaria)

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Insurance - Motor Vehicle Repairs - Prohibited Acts and Penalties

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This bill prohibits an insurer from authorizing a vehicle damage adjuster, appraiser, insurance producer, or employee to recommend a specific repair service or source that has a contract or agreement with the insurer to provide repair services unless a copy of the contract or agreement has been filed with the Maryland Insurance Commissioner and a copy is provided to the claimant or insured. The bill prohibits making false or misleading statements to induce a claimant or insured, or offer a discount, warranty, or other inducement to a claimant or insured, to use a specific contractor or repair shop or product. The civil penalty for violation of the subtitle increases from \$1,000 to \$5,000. A person injured by a violation may file a complaint with the Commissioner to enforce the bill's penalty provision.

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Fiscal Summary

**State Effect:** The civil penalty provisions of this bill are not expected to significantly affect State finances or operations.

**Local Effect:** The civil penalty provisions of this bill are not expected to significantly affect local finances or operations.

**Small Business Effect:** To the extent that this bill reduces the number of recommendations to specific repair service shops, those repair service shops may be negatively impacted.

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## Analysis

**Current Law:** An insurer, damage adjuster, appraiser, insurance producer, or employee of an insurer may not:

- recommend the use of a specific repair service or source without informing the claimant or insured that accepting the recommendation is not mandatory;
- require an appraisal or repair be made in a specific repair shop;
- require that a claimant or insured use a specific contractor or repair shop for a repair service or repair product; or
- intimidate, coerce, or threaten a claimant or insurer to use a specific contractor or repair shop for a repair or repair product.

Violations of the provisions are subject to a civil penalty not exceeding \$1,000 and denial, suspension, or revocation of any license.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Automobile Insurance Fund, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2005  
ncs/ljm

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