OFFICE OF
INSURANCE AND SAFETY FIRE COMMISSIONER

JOHN W. OXENDINE
COMMISSIONER OF INSURANCE
SAFETY FIRE COMMISSIONER
INDUSTRIAL LOAN COMMISSIONER
COMPTROLLER GENERAL

February 20, 2003

SEVENTH FLOOR, WEST TOWER
FLOYD BUILDING
2 MARTIN LUTHER KING, JR., DRIVE
ATLANTA, GEORGIA 30334
(404) 656-2056 TDD# (404) 656-4031
www. gainsurance.org

Mr. Dan Risley, Jr.
Executive Director
Society of Collision Repair Specialists
P. O. Box 2548
Tri-Cities, Washington 99302-2548

RE: Paint Caps January 31, 2003 letter

Dear Mr. Risley:

We have reviewed scenarios 1, 2, 3, and 4 submitted in your letter of January 31, 2003 and make the following comments.

As we have stated previously, most policies in Georgia require the insured to pay the lesser amount to repair or replace the vehicle. With regard to repair, the insured is required to pay the amount necessary to pace the vehicle in its pre-accident or pre incident condition. Furthermore, the insured has the right to choose the place of repair; however, if the cost of repair at the insured's shop of choice exceeds the cost as formulated by the insurer, the insured will have to pay the difference between the two estimates.

Generally speaking, this office has previously stated paint caps without flexibility may not be proper; however, your method of determining those costs may be just as arbitrary as the caps since your method does not necessarily represent the actual cost involved either.

Sincerely,

Sharon T. Gedert
Director
Consumer Services Division

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OFFICE OF
INSURANCE AND SAFETY FIRE COMMISSIONER

September 26, 2002

JOHN W. OXENDINE
COMMISSIONER OF INSURANCE
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COMPTROLLER GENERAL

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Executive Director
Society of Collision Repair Specialists
P. O. Box 2548
Tri-Cities, Washington 99302-2548

Re: Arbitrary Paint Capping

Dear Mr. Risley:

This office is in receipt of your FAX dated September 23, 2002, reference the above.

Pursuant to your letter of June 17, 2002, the Department's position is unchanged from Mr. Greg Hawkins' response of September 4, 1996 to the September 3, 1996 meeting with Mr. Gene Hamilton of your organization.

We expect insurers to meet their obligations as contained in their policies of insurance and pay claims accordingly.

If you have any questions, please do not hesitate to contact me at (404) 656-9451.

Sincerely,

Stephen D. Smith, Principal Analyst
Property & Casualty Division
Georgia Insurance Department

SDS:jmc

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