

July 3, 2018

Aaron Schulenburg
Society of Collision Repair Specialists
P.O. Box 909
Prosser, WA 99350

Re: Informational Responses to SCRS

Dear Mr. Schulenburg:

Thank you for your letter dated June 21, 2018 regarding your industry's practices and standards of repair. The Department has reviewed the questions you posed and below you will find our responses to each:

1. Is your department charged with consumer protection and the entity who serves as the regulatory agency to govern and supervise the business of insurance in your state?

The Minnesota Department of Commerce is the state's insurance regulator. Our mission is to protect the public interest, advocate for Minnesota consumers, ensure a strong marketplace, strengthen the state's economic future, and serve as a trusted public resource for consumers and businesses.

2. Are claims settlement practices a part of that regulatory oversight?

The Minnesota Commissioner of Commerce regulates insurance claims practices.

3. In many cases, vehicle manufacturers provide specific instructions and documented procedures on how repair and replacement operations are to be performed to produce a safe and proper repair. As evidenced in the SEEBACHAN v. JOHN EAGLE COLLISION CTR case in TX, failure of the facility performing the repair to follow these procedures can result in catastrophic loss, and incur avoidable liability that negatively impacts garage insurers. Many state laws relevant to insurer claims settlement rely on subjective terms such as "reasonable" as a means of satisfying their obligations.

Minnesota Statutes and Rules, including Minnesota Statutes section 72A.201 sets forth the Minnesota Department of Commerce's authority for the oversight of insurance claims practices.

- 4. Is there anything that holds insurers and insurance policies sold in your state accountable to recognize manufacturer documented procedures as a basis for settling claims and loss indemnification?**

The Department of Commerce addresses all matters consistent with relevant and applicable Minnesota law. Please see Minnesota Statutes section 72B.092, which sets forth certain prohibitions on motor vehicle insurance adjustments following a collision. See also Minnesota Statutes section 72A.201, subdivision 6, which indicates settlements are required to provide like kind and quality of parts and repair both hidden and obvious damage, among other requirements.

- 5. Would your department consider it a “reasonable” expectation that if an OEM repair procedure or instruction existed, that the claim should cover the associated costs?**

Businesses in Minnesota are required to be aware of and comply with current Minnesota law. Minnesota Statutes section 72B.092 prohibits insurers from changing labor and costs unilaterally. Other provisions within section 72A.201 detail the standards of claim practices and includes language regarding replacement value, as well as “applicable taxes license and transfer fees.”

- 6. Would your department expect consumers to be clearly notified through exclusions in the policy where costs associated with documented OEM procedures would not be covered; otherwise, allowing a consumer to reasonably assume they would be?**

Businesses in Minnesota are required to be aware of and comply with current Minnesota law including the required notifications detailed in Minnesota Statutes section 72B.091, subdivision 2, “...The appraisal must disclose to the vehicle owner any parts to be used, other than window glass, which are not original equipment parts or which are not covered by the manufacturer’s warranty on such parts.”

- 7. If there is a dispute between a consumer and their insurance carrier over the cost to restore their vehicle to pre-loss condition in accordance with manufacturer documented procedures, is your department the correct one to address those issues and provide consumer protection?**

The Minnesota Department of Commerce can help consumers with disputes they may have with their insurance company, especially as it may relate to allegations or violations of unfair claims practices. Complaints can submitted to the Consumer Services Center at 651-539-1600 or on-line at <https://mn.gov/commerce/consumers/file-a-complaint/file-a-complaint/>.


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The Minnesota Department of Commerce hopes you find this information helpful. We appreciate you reaching out to learn more about insurance regulation in the State of Minnesota.

Sincerely,



Kathleen C. Finnegan
General Counsel