

Legislative Analysis



PROHIBIT INSURANCE COMPANY OWNERSHIP OF AUTO REPAIR SHOP

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House Bill 4778

Sponsor: Rep. Barbara Farrah

Committee: Insurance

Complete to 11-12-08

A SUMMARY OF HOUSE BILL 4778 AS INTRODUCED 5-17-08

The bill would amend the Insurance Code to prohibit an automobile insurance company from owning or acquiring an ownership interest in a motor vehicle repair facility.

An auto insurer that already had such a ownership interest when the bill took effect would have to divest itself of the repair shop by December 31, 2008.

Between the effective date of the bill and the date of divestiture, an insurance company that owned a repair shop would have to: (1) post a notice in not less than 18-point font at the customer entrance stating the shop was owned in whole or in part by the insurer (stating the name of the company) and telling customers they are entitled to seek repairs at a facility of their choosing; (2) notify insurance customers in writing when a policy was issued or renewed that they are entitled to seek repairs at a facility of their choice; and (3) notify customers verbally when a claim was filed of the insurer's ownership interest in the repair shop and that they are entitled to choose a repair facility.

A repair facility or other person aggrieved by a violation of the bill's provisions could bring an action for injunctive or other appropriate relief to compel the auto insurer to comply. A plaintiff who prevailed would be entitled to recover reasonable attorney fees and court costs.

FISCAL IMPACT:

A fiscal analysis is in process.

Legislative Analyst: Chris Couch

Fiscal Analyst: Mark Wolf

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