Legislative Analysis

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PROHIBIT AUTO INSURANCE COMPANY OWNERSHIP OF AUTO REPAIR SHOP

House Bill 4984
Sponsor: Rep. Shanelle Jackson
Committee: Insurance

Complete to 6-1-09

A SUMMARY OF HOUSE BILL 4984 AS INTRODUCED 5-21-09

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.

The bill also would prohibit auto insurers from developing a list of preferred repair facilities or in any other way conveying information to customers about where they should get repairs done.

Under the bill, an auto insurer that already had an ownership interest in a repair facility when the bill took effect would have to divest itself of the repair shop by December 31, 2010.

In the meantime, an insurance company that owned a repair shop would have to notify customers that a repair shop is owned in whole or in part by the insurance company and tell customers that they are entitled to seek repairs at a facility of their choosing. This would have to be done: (1) by posting a notice in not less than 18-point font at the customer entrance of the repair shop; (2) in writing when a policy was issued or renewed; and (3) verbally when a claim was filed.

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.

MCL 500.2151 et al.

FISCAL IMPACT:

The bill does not appear to have any significant fiscal implications for the state or local units of government.

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