

CODE OF CONDUCT FOR THIRD PARTY BILLERS PROVIDING AUTO GLASS REPAIR OR REPLACEMENT

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Senate Bill 306 (Substitute S-3)
Sponsor: Sen. Joe Hune
House Committee: Insurance
Senate Committee: Insurance

Complete to 8-14-12

A SUMMARY OF SENATE BILL 306 (S-3) AS PASSED BY THE SENATE 1-26-12

The bill would amend the Insurance Code of 1956 to (1) prohibit a third party biller from providing automobile glass repair or replacement services for an insurer unless it adopts and follows a code of conduct, and (2) require third party billers to provide annual reports to their in-network repair facilities.

Code of Conduct

Third party billers would be prohibited from engaging in automobile glass repair or replacement services for an insurer unless the third party biller has adopted and followed a code of conduct when processing, paying, administering, or monitoring an automobile glass repair or replacement service for the insurer. The code of conduct would have to comply with all of the following:

- If an insured states a preference for an automobile glass repair or replacement facility and the facility is a network facility for the third party biller, no other facility can be suggested.
- If an insured does not state a preference for a facility or if the facility is not a network facility for the third party biller, the third party biller cannot advise the insured that he or she has the right to choose any facility and the third party biller cannot threaten, coerce, or intimidate the insured into selecting a particular facility.
- The third party biller will not close its network to new applicants if it contains automobile glass repair or replacement facilities that are owned by, related to, or affiliated with the third party biller.

Annual Report

Third party billers would be required to provide a report by January 15 each year to each automobile glass repair or replacement facility that is a network facility for the third party biller that includes all of the following information:

- A statement of ownership.
- The total number of repair or replacement claims for each insurer that were processed, paid, administered, or monitored in the preceding year.

- The number of glass repair or replacement claims in the preceding year for which a preferred facility was stated and the names of the preferred facilities.
- The number of glass repair or replacement claims in the preceding year that were processed for each insurer for which no facility preference was stated and the insured was advised of his or her right to choose any facility, and the names provided and facility chosen for each claim.

FISCAL IMPACT:

Senate Bill 306, as passed by the Senate, would not have a significant fiscal impact on state or local governments.

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