

The Hartford Courant

Editorial

Strengthen No-Steering Law

March 14, 2008

Legislators should strengthen state law to stop insurance companies from steering clients toward certain motor-vehicle repair shops.

State law already prohibits auto appraisers and insurance companies from specifying which repair shops their customers can or cannot use. But that apparently hasn't stopped some insurers from using financial incentives and other tactics to steer customers toward "preferred" shops.

Insurance companies say consumers know the law entitles them to choose any shop. They also say they're providing a service to consumers who might not otherwise know where to go for repairs. The preferred shops provide efficient, reliable service, often with guarantees, they say.

But not all consumers know the law. Further, state Attorney General [Richard Blumenthal](#) says some insurers are steering customers to preferred shops with offers of reduced deductibles or by implying the work won't be guaranteed or performed promptly if done elsewhere.

In testimony before the General Assembly, Mr. Blumenthal cited the case of a college student who had her car repaired at a shop recommended by her insurer,

Progressive. Unhappy with the paint job, she took the car to an independent shop where an inspection determined the repair was done so poorly the car wasn't safe.

By using their relationship with customers to shift business toward preferred shops, insurers are clearly skirting the anti-steering law. They're also being anti-competitive, directing business away from independent shops.

A bill before the Senate would require appraisal documents to include statements informing consumers of their right to freely choose a repair facility. It would also prohibit insurers from trying to influence consumers through reduced deductibles or premiums.

Finally, the bill would require insurance companies to pay labor rates comparable to other body shops in the same vicinity. Insurance advocates say requiring so-called usual and customary rates will increase costs to consumers. But because they also argue that only a small portion of repairs are performed in preferred shops, we fail to see how this could have a significant economic impact.

Consumers benefit from a free and unfettered array of choices and a clear understanding of their legal rights. This legislation accomplishes both goals.

Copyright © 2008, [The Hartford Courant](#)