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INSURED'S CHOICE OF AUTO REPAIR FACILITY

House Bill 5857

Sponsor: Rep. Eileen DeHart

**Committee: Insurance and Financial
Services**

Complete to 8-21-00

A SUMMARY OF HOUSE BILL 5857 AS INTRODUCED 5-30-00

The bill would amend Chapter 21 of the Insurance Code to prohibit an automobile insurance policy or an auto insurer and its employees, agents, and adjusters from:

- intimidating, inducing, recommending, suggesting, or requiring an insured to use a particular person, place, shop, or entity to provide any automobile repair or glass replacement service or product covered by the policy; or
- intimidating, inducing, recommending, suggesting, or requiring an insured to use a particular brand, type, kind, age, or condition of parts for a part covered by the policy.

An automobile insurer would be required to disclose to each insured his or her right to choose any automobile repair or glass replacement facility.

The bill also would require an auto insurer to fully and promptly pay for the cost of any covered automobile repair or glass replacement service or product, less any applicable deductible, at not less than the prevailing or generally found market price in the area for similarly situated auto repair or glass replacement services or products. Such a market price could not be limited to the lowest price and could not take into consideration any special price or service arrangement offered by the particular person, place, shop, or entity. Also under the bill, an auto insurer could not fail to fully and promptly pay for the cost of any covered auto repair or glass repair or replacement service or product because of an insured's selection of a particular person, place, shop, or entity to provide the covered repair, service, or product.

Currently, Section 2110a of the Insurance Code allows an insurer to establish and maintain a premium discount plan. That section contains a provision stating that nothing in the section authorizes an insurer or prohibits an insurer from offering premium discount plans concerning automobile repair providers or materials used in the repair of an automobile. The bill would strike that provision. (It would leave language regarding premium discount plans concerning health care services, health care providers, and health care facilities.)

MCL 550.3133

Analyst: C. Couch

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