



Ninety-Ninth Legislature - First Session - 2005
Committee Statement
LB 73

Hearing Date: January 24, 2005

Committee On: Banking, Commerce and Insurance

Introducer(s): (Aguilar, Janssen, Loudon)

Title: Provide requirements and duties relating to motor vehicle repairs and insurers

Roll Call Vote – Final Committee Action:

Advanced to General File

Advanced to General File with Amendments

X Indefinitely Postponed

Vote Results:

5	Yes	Senators Mines, Redfield, Jensen, Johnson, Pahls
2	No	Senators Langemeier, Loudon
1	Present, not voting	Senator Flood
	Absent	

Proponents:

Senator Ray Aguilar
Norbert Zaenglein
Mark Rizzi

Patricia Hancock

Lynette Hartman
Mark Bartak
Christopher Hunke
Troy Laughlin
Glen Gartner
Rich Triptow
Kent Baumert

Opponents:

Daniel Nordgren

Janis McKenzie
Korby Gilbertson
Joseph Tornberg

Representing:

Introducer
NE Auto Body Assn.
NE Glass Assn.
Self
NE Auto Body Assn.
Bob's Body Shop
Neon
NGA
Cars R Us Auto Body
NE Glass Assn.
Fas-Break Auto Glass
Omaha Glass Co.
Self

Representing:

State Farm Insurance
NE Insurance Information Service
NE Insurance Federation
Property Casualty Insurers Assn. of America
American International Group

Neutral:

Representing:

Summary of purpose and/or changes:

LB 73 (Aguilar, Janssen, Louden) would enact a new section to set out claimants' rights regarding motor vehicle repair at specific automotive repair shops. The new section would provide as follows:

(1) An insurer shall not require that a motor vehicle be repaired at a specific repair shop.

(2) An insurer shall not recommend a specific repair shop unless a referral is expressly requested by the claimant, or unless the claimant is informed in writing of the right to select a repair shop.

If a recommendation is accepted by the claimant, the insurer shall cause the motor vehicle to be restored to its condition prior to the loss at no additional cost to the claimant other than as stated in the policy or as otherwise allowed by law. If the recommendation is made orally and is accepted, the insurer shall provide the claimant a statement, as set out in this section, at the time the recommendation is made, and shall also send the claimant a written copy within five days.

(3) The insurer shall not recommend a different repair shop after the claimant has chosen one.

(4) Any insurer that, by its policy, recommends a particular repair shop shall also prominently disclose the contractual provisions to the insured. If the claimant elects to have repairs at a repair shop of his or her choice, the insurer shall not limit or discount the reasonable repair costs based on charges that would have been incurred had repairs been made by the insurer's chosen repair shop.

(5) The term "claimant" is defined as the insured and a first-party or third-party claimant.

(6) The Director of Insurance shall enforce this section and may adopt and promulgate rules and regulations to carry it out.

The bill would also amend section 44-1540 of the Unfair Insurance Claims Settlement Practices Act to provide that violation of the new section in this bill would be an unfair claims settlement practice subject to regulation by the Department of Insurance.

Explanation of amendments, if any:

Senator Mick Mines, Chairperson