



News from

Office of the Attorney General
55 Elm Street
Hartford, Connecticut 06106

Attorney General

Richard Blumenthal

For
Immediate
Release

TUESDAY, SEPTEMBER 1, 2009

ATTORNEY GENERAL URGES FEDERAL REVIEW OF INSURANCE COMPANY PRACTICES THAT DENY CONSUMERS CHOICE IN CAR REPAIR

Attorney General Richard Blumenthal today -- armed with petitions from auto repairers across the country -- called on U.S. Attorney General Eric H. Holder, Jr. to investigate and stop insurance company practices that may deny consumers the right to choose their own automobile repair shop.

Blumenthal said he will seek to enlist other attorneys general in his effort.

Blumenthal and several auto repairers said practices that seemingly force or steer consumers to preferred repair shops may violate the law and a decades-old consent decree between the federal government and several insurance companies.

Blumenthal said, "Almost 50 years later, insurer steering is still a scourge. This outpouring of complaints shows that problematic practices persist, despite a 1963 consent decree and current law. Auto repairers and consumers are victims of the very same misconduct today: insurer control of appraisers, insurer financial incentives and steering of consumers to preferred auto facilities, and setting labor rates that repair facilities must use. Both federal and state law enforcers should send a message: your car, your choice.

"Practices pressuring consumers to use insurers' preferred repair shops suppress consumer choice and disregard legal duties. I have long sought legislative and administrative solutions to this untenable situation. We're asking the federal government for an immediate review and remedy to stop coercive and deceptive tactics. Effective enforcement is critical."

Blumenthal was joined by auto repair shop owners and members of the Connecticut Auto Body Association at a press conference today to announce the action.

Blumenthal forwarded to Holder petitions from auto repairers representing 48 of the 50 states seeking relief from "onerous and arbitrary insurer practices that harm auto repairers and deny consumers the unfettered right to choose the most appropriate repair facility for their car."

The petitioners claim that a U.S. Department of Justice entered into a consent decree in 1963 with several property casualty insurer associations and their members in which the insurers were ordered to stop:

- Sponsoring any appraiser;
- Directing, advising or otherwise suggesting that any person or firm do business with any independent or dealer-franchised automotive repair shop;
- Exercising control over the activities of any appraiser; and
- Fixing or otherwise controlling the prices charged by automotive repair shops for the repair of damage to the vehicle or for labor in connection therewith, by use of a flat rate.

“I am calling for federal review of the current property casualty insurer system of compensation for auto repair services and determination as to whether such practices violate the 1963 consent order or current federal laws.”

*****END*****

