

REPLY TO

12TH DISTRICT  
**STEWART J. GREENLEAF**  
27 NORTH YORK ROAD  
WILLOW GROVE, PA 19090-3419  
(215) 657-7700

SENATE BOX 203012  
THE STATE CAPITOL  
HARRISBURG, PA 17120-3012  
(717) 787-6599



Senate of Pennsylvania

September 21, 1999

COMMITTEES

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BANKING AND INSURANCE  
CONSUMER PROTECTION AND  
PROFESSIONAL LICENSURE  
ENVIRONMENTAL RESOURCES AND ENERGY

Original: 2001  
Harbison

cc: McGinley  
Bush  
Harbison  
Coccodrilli  
Smith

Honorable John R. McGinley, Chairman  
Independent Regulatory Review Commission  
14<sup>th</sup> Floor, Harristown 2  
333 Market Street  
Harrisburg, PA 17101

Dear Chairman McGinley:

I am writing in reference to the Insurance Department's **final-form** Motor Vehicle Physical Damage Appraisers Regulation (#11-149) that is presently before the Commission for a vote.

Enclosed please find a copy of a letter I recently wrote to Insurance Commissioner Diane Koken which outlines my concerns with the final-form regulation. It is my hope that the Commission will take into consideration the issues raised in my letter when it considers the regulation on Thursday, September 23.

Thank you for your attention to this matter.

Sincerely,

Stewart J. Greenleaf

SJG:ep  
Enclosure

INDEPENDENT REGULATORY  
REVIEW COMMISSION

1999 SEP 21 PM 4:55

RECEIVED

W. Harth  
S. Busky  
Legal  
Notebook

REPLY TO

12TH DISTRICT  
**STEWART J. GREENLEAF**  
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(717) 788-7888 FAX



Senate of Pennsylvania

September 8, 1999

COMMITTEES

JUDICIARY CHAIRMAN  
LAW AND JUSTICE, VICE CHAIRMAN  
APPROPRIATIONS  
BANKING AND INSURANCE  
CONSUMER PROTECTION AND  
PROFESSIONAL LICENSURE  
ENVIRONMENTAL RESOURCES AND ENERGY  
SOUTHEASTERN PA TRANSPORTATION  
AUTHORITY (SEPTA)  
TASK FORCE ON DECEDENTS ESTATES  
TASK FORCE ON DOMESTIC RELATIONS LAW  
TASK FORCE ON ADOPTION LAW

INDEPENDENT REGULATORY  
REVIEW COMMISSION

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RECEIVED

Diane Koken, Commissioner  
Pennsylvania Insurance Department  
Room 1326, Strawberry Square  
Harrisburg, PA 17120

Dear Commissioner Koken:

I am writing today to voice my concerns and objections with the final-form Motor Vehicle Physical Damage Appraisers' regulation recently released by the Insurance Department.

After carefully reviewing the regulation and listening to concerns raised by my constituents, I wish to inform you of my strong objection to the department authorizing the use of aftermarket crash parts when repairing vehicles. Numerous owners of auto body repair shops have serious concern with the safety, quality and value of aftermarket crash repair parts compared to original equipment manufacturer replacement parts. They indicate that these inferior repair parts make the car unsafe and reduce the value of a consumer's vehicle. Recognizing that safety should be first and foremost for the consumer, I am very concerned with the use of aftermarket replacement parts that may be substandard and jeopardize the safety of the consumer. Is it true that use of aftermarket replacement parts will jeopardize auto safety and vehicle value? If so, the department should take the necessary steps to remedy this situation in the regulation by prohibiting their use, thus ensuring consumer safety.

In addition to the issue of aftermarket crash parts, I would also like to raise my concern with the final-form regulation that pertains to the issue of prohibiting appraisers and insurers from directly steering a consumer to a body repair shop. As crafted in final-form, the regulation no longer contains language which states an appraiser may recommend two body shops for repairs. While the department has removed this objectionable language and includes written disclosure in the appraisal sheet that there is no requirement to use any specified repair shop, I question whether the regulation goes far enough in this area. As currently drafted, the regulation also permits an appraiser or insurer to mention the names of body repair shops so long as he or she fully discloses to the consumer that there is no requirement to use any specified repair shops. My concern

**Commissioner Koken**  
**September 8, 1999**  
**Page 2**

is that even though the appraiser or insurer is required to disclose to the consumer that they don't have to use any of the repair shops listed, the consumer may still feel compelled to take it to the shops listed. In other words, the regulation may not prevent the subtle pressure or coercion that an appraiser/insurer may place on a consumer when speaking with the consumer.

I am enclosing a copy of a letter I recently received from a body shop owner in my senatorial district, Mr. James Mora, Jr. of Jim's Auto Body Shop, which raises these issues and others in more detail than my letter. I respectfully request your department to carefully review and consider the concerns outlined in my letter and raised by Mr. Mora and respond to them. The Insurance Department should address these issues appropriately before moving forward with the final-form regulation. Thank you for your attention to this matter and I look forward to your prompt response.

Sincerely,

  
Stewart J. Greenleaf

SJG:ep  
Enclosure

September 2, 1999

Senator Stewart J. Greenleaf  
27 North York Rd.  
Willow Grove, PA 19090

Dear Senator Greenleaf,

I want to thank you for your letter dated 8/10/1999 pertaining to our meeting in which we discussed Senate Resolution 35, Aftermarket parts, and "steering" by the insurance industry.

As you are well aware, these deceptive and controversial practices are being performed by insurance companies daily and no one is holding the insurance companies accountable. Senate Resolution 35 would be a step in the right direction, but this alone is not enough. The Insurance Commissioner, M. Diane Koken and all members of the Insurance Department must serve the consumer in this state and not the Insurance Federation of Pennsylvania or any political agenda.

Regarding the proposed regulation changes the Insurance Department has issued, Ms. Koken and her Department should be ashamed of themselves. Not only do these changes give insurance companies more leeway in their deceptive practices, but helps the insurance companies line their pockets by not making them pay to repair vehicles to pre-accident condition by omitting repair procedures and necessary repair items. Some items in point:

- 1) Aftermarket Parts have never been proven to be of Like Kind and Quality to new Original Equipment Manufacturers parts. On the contrary, in its February '99 issue of Consumer Reports the Consumers Union has determined that Aftermarket parts fall short in all categories it measured;
  - A) Fit and Finish
  - B) Crash Worthiness
  - C) Corrosion Protection

Why does the Insurance Department want to say that it is okay to use substandard parts? Is this in the best interest of the consumer?

- 2) "Steering" by the insurance companies to their own Direct Repair Facilities is forbidden by the current regulations. Why has the Insurance Department changed this part of the regulation to allow this to happen? In Pennsylvania the consumer has the right to choose a repair facility. Why does the Insurance Department want to take away this right from the consumer?

- 3) Returning a vehicle to its condition just prior to the damage in question has always been the standard by which all vehicles must be repaired. This standard includes returning the vehicle to it's pre-accident condition pertaining to safety and it's monetary value. By changing the wording to "pre-damaged" condition and defining pre-damaged condition as the function and appearance of the motor vehicle just prior to the damage in question the Insurance Department has taken away the insurance companies responsibility to return the consumers vehicle to it's pre-accident condition regarding safety and monetary value.

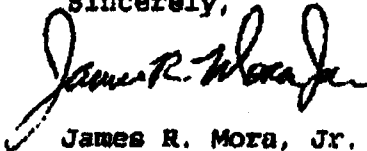
Pennsylvania probably has the toughest pro-consumer regulations in the country with the current Motor Vehicle Physical Damage Appraisers Act. We do not need to change the regulations. We need someone to enforce the current regulations!

Senator Greenleaf, as a sitting member of both the Senate Banking and Insurance Committee and the Consumer Protection and Professional Licensure Committee, it is up to you to protect the consumer from this and around by the insurance companies and their GOLDEN GOOSE, M. DIANE KOKEN and her Insurance Commission.

As you know these changes do not have to go to the full Senate for action. They can become the new regulations by being approved by committee. It is up to you to kill these changes in committee and protect the consumer in Pennsylvania.

Senator Greenleaf, we the consumers in Pennsylvania need your help. We need to know your "exact" position on these matters. Please Senator, do the right thing and protect the consumer in Pennsylvania.

Sincerely,



James R. Mora, Jr.

cc: Ross DiBono, PCTG  
Eugene McGill  
Jeff Gelles, Inquirer  
Tracy Davidson, NBC  
Joel Landsburg