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September 21, 1999

The Honorable John R. McGinley, Chairman
Independent Regulatory Review Commission
14th Floor, Harrisstown 2
333 Market Street
Harrisburg, PA 17101

Subject: Motor Vehicle Physical Damage Appraisers Act
Regulation #11-149

Dear Chairman McGinley:

The final-form regulations #11-149, are currently before the Independent Regulatory Review Commission. As a member of the Senate Banking and Insurance Committee, I would like to contribute my thoughts on the regulations before the Commission's vote.

The primary focus of these regulations should be consumer protection and how they are treated after an automobile accident. The proposal should insure that their car is appraised and repaired properly and ethically.

I believe consumers should be told who the appraiser works for, and that his compensation and continued employment is based on bringing in the lowest cost, and trying to get the work done where the insurance company directs. Such disclosures are required in real estate transactions and I believe this disclosure should be included in regulation. The requirement could be included under the section dealing with their ethical practices.

As an aside, I believe as part of insuring an individual, insurance companies should be required to tell the consumer what the claim process is and whether the company will only guarantee full payment, for those shops that participate in direct repair. I agree that this regulation cannot address this area, but the appraiser could certainly provide the consumer with written information about their rights in these areas.

INDEPENDENT REGULATORY
REVIEW COMMISSION

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On the issue of "steering" I think it is wrong to permit an appraiser to recommend any shop. If their job is to assess the damage then it is not their role to dictate, or even suggest, where the repairs are to be performed. Involving themselves in the repair business certainly would bring into question how independent they truly are.

In addition, I do not believe the Department has the statutory authority to articulate any policy on the use of parts. This area should be addressed in legislation and should be deleted from the proposed regulations.

Appraisers should be required to give a consumer an appraisal that brings their car to its original condition. There should be no further limitations put on that appraisal. It should reflect market cost and allow for the consumer to choose the repair shop. The regulation has allowed standards of repair not authorized in the original statute. This does not serve the policyholder, and is not in keeping with the legislative mandate.

I trust this information proves helpful to you and the other Commission members. Please let me know if you need any additional information.

Warm regards,



Frank A. Salvatore

FAS/maw

cc: The Honorable Robert Nyce