

# **AUTOMOBILE INSURANCE REFORM ACT OF 2021**

## **A SAFER, FAIRER FUTURE FOR INSURANCE CONSUMERS**

### **The Problem:**

- Automobiles are engineered under mandates by the federal government (The National Highway Transportation and Safety Administration) for consumer safety. However, there are no requirements written into insurance policies specifying vehicles are repaired following manufactures repair instructions and specifications.
- Insurance companies can sell auto policies to consumers that contain one sided settlement language that favors the insurance company and doesn't pay for vehicle repairs based on their vehicle manufacturers repair requirements. Rather, these insurance policies allow insurance adjusters who are not vehicle repair experts to pay less than the vehicle manufacturers repair instructions and specifications leaving consumers with re-engineered vehicles worth less money and are likely less safe than when they left the factory.
- Photo estimating & cell phone applications: Most insurers are moving to cell-phone based photo applications now as a "service" to claimants. Insurers are using these applications to separate the humans from the process and performing an in-person inspection. Insurers are undervaluing property damage estimates by 50% to 70%, short paying consumers for their actual damages. This short payment is because photos can't replace an in-person inspection and don't show any hidden internal damage including frame and structural damage.
- Consumers do not have a fair and equitable dispute resolution process when an insurer under values their property or repair costs. It costs the consumer more to fight the insurance company to recover the full value than what the insurer has shorted them. Insurers basically have a license to underpay claims because it's too expensive to fight back. This is not right! Homeowners insurance regulations are mandated by the state to prevent this problem.
- When you're hit by another party that doesn't have insurance, your uninsured/underinsured motorist's coverage currently doesn't have to pay for a rental car. This is fundamentally wrong. UIM coverage is supposed to provide the benefits you would be able to collect from the at-fault party.

### **Why this problem is happening:**

- Insurance companies don't have to provide the consumer a copy of the insurance policy at the time of purchase. Therefore, Insurers have re-written the loss settlement language in automobile insurance policies to favoring the insurance company over consumers because people don't know what they are buying.

- The Office of Insurance Commissioner has no authority to require insurers draft insurance policy language in a specific manner like they do for homeowners' insurance policies where there is a state mandated standard policy.
- The costs to dispute a low offer from your insurance company typically costs more than what is recovered in the process making that process completely worthless and inequitable.
- Insurers are exempt from anti-trust regulation in Washington by statute.
- Insurers are exempt from regulation from The Office of Attorney General by statute.
- The Insurance Commissioner's Office has no authority over insurers unless there is a documented pattern and practice of unfair and deceptive acts and/or practices from the courts. The bar is so high for regulation it is unachievable, and the insurance industry knows this.

## **What this legislation will accomplish/Legislation Overview**

This proposed act will require auto insurers in Washington to provide the following consumer protections in all automobile insurance policies which currently do not exist:

- Pay the reasonable and necessary costs to restore the damaged vehicle to its pre-loss condition at the consumers choice of repair facility.
- Require insurers to pay for vehicles to be repaired to factory specification following the vehicle manufacturers repair procedures and guidelines.