

PA13-67

HB5072

House	2604-2682	79
Insurance	54, 56, 95-159, 229-230, 232-248, 252-258	93
Senate	2802-2818	17
		189

H - 1157

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2013**

**VOL.56
PART 8
2370 - 2742**

Have all members voted? Have all members from
Bristol voted? Thank you. Have all members voted?
The machine will be locked

Will the Clerk please take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Bill Number 5250:

Total Number Voting	146
Necessary for Passage	74
Those Voting Yea	146
Those Voting Nay	0
Absent and Not Voting	4

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

The bill passes.

Will the Clerk please call Calendar 40 -- four
zero.

THE CLERK:

Mr. Speaker, on page two of today's calendar,
House Bill -- or Calendar Number 40, Favorable Report
of the Joint Standing Committee on Insurance and Real
Estate, Substitute for House Bill 5072, AN ACT
CONCERNING AUTOMOTIVE GLASS WORK.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

From the Elm City, Representative Megna of the 97th, you have the floor, sir.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, I move acceptance of the Joint Committee's Favorable -- Favorable Report and passage of the bill.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Question before the Chamber is acceptance of the Joint Committee's Favorable Report and passage of the bill.

Please proceed, sir.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, this is a -- a bill that had gone through this Chamber a year ago, passed this Chamber a year ago. It is essentially the same bill however it will, if -- if this bill does become law, it will have its -- a separate section than the existing section that prohibits insurers from stating where a policyholder has to have their car repaired or their automomo glass -- automobile glass replaced or repaired.

Mr. Speaker, this -- this issue came to us, you know, three years ago by many small businesses --

small automobile glass installers about this state and I think now -- I think there were more three years ago, now there are 34 small mom and pop shops left in the state.

At one time, Mr. Speaker, 15 years ago or so, probably at the advent of our anti-steering statutes that were put in place, there were approximately 70 or so shops and now it's down to 34 shops. But really the essence of this bill expands on the existing statute which prohibits insurers from requiring where an automobile has to have their glass replaced or repaired and goes further and says if the insurer or the third party claims administrator for that insurer is responsible for this, they too have to abide by the statute.

And then it even goes one step further and says if that third party claims administrator owns a shop that installs glass work, they have to use a different procedure and they need to name another individual most likely in their network.

For all intents and purposes, Mr. Speaker, the automogle -- automotive glass repair replacement industry is administered by probably five, as I understand it, five third party claims administrators

that are essentially subcontractors of the insurers and they undertake the claims administration for those automobile glass claims that come in.

They do it efficiently. They set up networks with all the different installers and they -- from how I understand it they have a system that's efficient where members of the network, these small businesses, can undertake the workmanship and the higher the quality the more competitive the price, the more work they get and, for all intents and purposes, four out of the five TPAs that essentially dominate the entire industry have networks and do a rotation system and -- and do, in a sense, what this law seeks to achieve.

There is one of these TPAs that owns an affiliate installer and we have learned, and we have heard a lot of testimony on this issue, that this company really goes out of their way, so to speak, to try to assure that that claim goes to their affiliate installer naturally because it's in the best financial interest of that TPA.

Also, Mr. Speaker, we have to realize that the insurance industry is evolving. Jobs, aspects of the traditional insurance company that was handled in-house, are now being handled by TPAs. It's a more

efficient way to do business and it allows a more competitive premium to be put forth to the people here in our state.

However, as existing statute, if we don't want an insurer and their financial interest, tell a policyholder that their car needs to be repaired at any particular shop.

We do understand too, Mr. Speaker, that when it comes to automobile glass work, it's a one shot deal. It's \$300, \$400, often there's no deductible involved and many of the people that call in that claim just say I want you to take care of it insurance company. I don't know anybody. I don't have a relative that does it. I really don't know any business in a neighborhood so please can you -- make a recommendation for that work to be done and for all intents and purposes, they do, these TPAs, and they do a pretty fine job at it.

What's also interesting since last year, Mr. Speaker, we've gone through the whole public hearing process once again and, of the four other TPAs located here in the state, one of which owns an affiliate installer,

has not submitted any testimony in opposition to this bill which tells me something.

It tells me that this bill is no threat to them. The bill is no threat to them at all. In particular this one TPA who -- whom owns an affiliate installer, you know, I couldn't understand why they're not coming to us and saying Hey not only are you making this other TPA recommend one other person, you're doing that to us.

It's no threat to them. In fact I've heard, I have not talked to them, they have not come in front of the Committee, they have not submitted testimony, but I've heard that it may actually get them more work.

We've heard test -- we've -- I've heard testimony -- I've heard testimony from this one TPA that they have 22 percent of the marketplace here in the state. I've heard also from the small glass installers that their market share is more like 80 percent of the automobile glass work that gets done here in the State of Connecticut.

So, Mr. Speaker, since last year since the debate we had on the House floor and since hearing more public testimony, the Committee agrees -- the

Committee agrees that this was -- this bill that went through this Chamber last year was the right thing to do and had voted it out.

And with that, Mr. Speaker, I would ask that this Chamber support this bill as it moves forward.

Thank you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Thank you, Representative Megna.

Representative Vicino, for what purpose do you rise?

REP. VICINO (35th):

Yes I'd like to recuse myself to avoid the appearance of a conflict of interest.

Thank you.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Without objection, so noted and ordered.

Further on the bill? Further on the bill?

Representative Sampson from the wonderful town of Wolcott, you have the floor, sir.

REP. SAMPSON (80th):

Good afternoon, Mr. Speaker.

I have a few questions for the proponent of the bill if I could, through you.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Please proceed, Ranking Member Sampson.

REP. SAMPSON (80th):

First I want to thank the esteemed Chair of the Insurance Committee for going at great lengths to describe exactly what the bill does. But I would like to ask a more poignant question which I think is what is the bill for? I mean, in other words, is there a problem that this particular legislation is intended to solve?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, you know I was thinking about it earlier, that really the essence of this bill is to continue on and req -- say to an insurer, whether it's through the insurer or the TPA, that you can't tell an individual where you can't exert your influence to an individual to have their automobile glass replaced at a particular shop.

Essentially kind of what we do in the -- when it comes to auto body work. That statute also not only applies to auto glass but it also applies to auto body.

The -- the odd thing about this automobile glass is, like I said earlier, it's -- it's a small thing. It's something that doesn't really make sense too much where you go. The installation is essentially the same. However, there are many small businesses competitively priced that can undertake the work and you have these small businesses that are disappearing. These are small businesses that are located here in the state, Mr. Speaker, that have property, that buy things, that -- that employ people here in the state. That's what these little guys do.

So what this bill does, through you, Mr. Speaker, is help out those small businesses from disappearing from 70 down to -- to 34 over the last 15 years, small businesses that employ people, spend money, do economic development in -- in our state while at the same time prevents an insurer from essentially trying to influence the place where your automobile gets fixed which is in their best financial interest.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

I -- I think I just heard the Chairman say that the purpose of this bill is to help small businesses in our state and -- and I'm wondering if he can elaborate on how this bill is going to help small businesses.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Well actually let me back up a little bit. The -- the -- it's not only a bill that helps out these small mom and pop businesses from not getting any opportunity to do work for major, major insure -- insurance companies that put out tremendous amount, if not the bulk, of automobile insurance claims here in our state, but it also prevents those very few insurers -- very few insurers, there may be many insurers that are members of that TPA who may achieve some type of unfair advantage from the -- the glass repair marketplace also.

So you can actually look at it threefold really. The benefits of this bill or the introduction into the bill is to provide consumers with choice, keep an insurer from having some type of unfair advantage over

many other insurers in the marketplace and to allow these small mom and pops to stay in business and competitively priced.

They're not -- you know we -- we -- sometimes when we were arguing this bill we had some meetings before we met today, we hear well those small shops they could market themselves. But it's -- it's -- it's just extremely unfair competitive advantage when you have a third party claims administrator that supposed to have a network like we do in healthcare and like those other four third party claims administrators are supposed to have a network and use that network and they don't. They use one particular company in their own financial interest, that TPA, and possibly in the interest also of that insurer.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And -- and thank you to the Chairman of the Insurance Committee. I guess so the revised answer is that it is to help small businesses despite an extremely unfair advantage that an -- a glass company

that might be affiliated with a third party administrator might have. Is that correct?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

I would say in -- in part.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

For the sake of time I won't ask what the other -
- other part is but I'm wondering if I could ask the
Chairman of the Insurance Committee if he's aware of
any complaints made to the Insurance Department about
an unfair advantage that a glass repairer that is
affiliated with a TPA might have been filed against
them?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I'm told that maybe individually or cooperatively a lot of these small glass shops have approached the Department of Insurance on this issue and as well many of the lobbyists and representatives of the insurers have approached the Department and have tried to resolve the issue.

So there -- there have been complaints made by the installers and debate that went on in the Department of Insurance, to what degree I do not know.

In terms of policyholders filing complaints to the Department of Insurance because of service or repair, I don't know of any. I have been told that maybe there are none that exist. Maybe -- maybe there are none that exist or maybe there's very few is what I've been told.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And in fact the -- the Chairman is correct. I have the testimony in front of me from the State of Connecticut Insurance Department who says that this

legislation is unnecessary and that it proposes to fix steering but by law carriers must give consumers choice where their repairs are made and it goes on to say that the Department's Consumer Affairs Division has received no complaints regarding this issue.

So I go back to my original question which is if there is a problem to be solved, I'm not seeing where it is. It seems to me that if we were in the -- the -- here for the -- the purpose of trying to protect some types of small businesses there might be complaints filed if there is unfair business practices.

And just a follow up to that question I would like to ask, through you, Mr. Speaker, to the Chairman, is that if this is a situation where there might be some sort of anti-trust issues involved where one type -- one player in a certain market has an unfair advantage over others, wouldn't the proper thing be to file an anti-trust complaint rather than to try and legislate some solution that basically alters the playing field?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

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REP. MEGNA (97th):

Yeah I apologize, Mr. Speaker.

Could you please repeat the question?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson, would you care to repeat your question?

REP. SAMPSON (80th):

Sure, Mr. Speaker.

I -- I'm -- I'm asking if there are no complaints from the Insurance Department about what the Chairman has described as the problem which would be, his description, not mine, that we are trying to help small businesses with this legislation against an unfair advantage by a competitor in the marketplace, and I'm asking if -- wouldn't it be more appropriate if that were the case to file some sort of legislation as an anti-trust matter versus trying to alter the marketplace through writing legislation through this Body?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, 38a-354, which is existing statute, attempts to deal with this, attempts to tell automobile insurers that you cannot require, influence where that automobile glass repair is done or auto body.

So that's existing statute. This is really just an evolution of that existing statute, an extension of it, to evolve with the changing times of this business.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

I honestly don't know if my question was answered but I - I'll move on and just ask it seems to me that this discussion revolves -- that particular statute that the Chairman just mentioned, 38a-354 which is existing law which is designed to prevent steering and I'm wondering if the Chairman of the Insurance Committee would be so kind to explain what steering is and how it is incorporated into the legislation before us.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, steering is a term they use in auto repair: auto glass repair, auto body repair and it's just a term that's used to say that when an insurer or a -- an insurer or their claims rep attempts to influence the place where that motor vehicle is repaired, where that glass is being repaired, generally, because it's a result of -- to their financial benefit, maybe the repair is done less costly the way they want it done as opposed to the owner of the vehicle.

Maybe there's some type of discount given to the company -- the carrier if that motor vehicle automobile glass was done at one place rather than -- and body -- the body work was done at one shop rather than another shop. So we call this -- they've developed this term steering which is kind of appropriate because you're talking about automobiles but it's really about influencing.

It's difficult, Mr. Speaker, to put -- to stop that and to stop that behavior in statute. I mean what are you going to write? We tried in 38a-354 to

impact it. I'm not quite sure when 354 was written but I'm -- I'm thinking it was at least 20 years ago or so and the body shops are -- are content with it at this point but the automobile glass companies have come in front of our Committee and said listen we're going -- our small mom and pop shops are going out of business because of the behavior of a TPA, not an insurer, a TPA which is really nothing less than an extension of the insurance company.

I apologize, Mr. Speaker, I find myself rambling. I'm not quite sure if I answered your -- the question of the good Representative.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And -- and forgive me I -- I don't mean to labor the -- the Chamber here with a lot of Q&A and I'm hoping to try and make my questions as simple as I can so that we can get direct answers and maybe get to the bottom of whether or not this is a -- a bill worth supporting or not.

I think that the -- the definition of steering that I'm familiar with is essentially one business driving business to another business or somehow, as the -- the Chairman said, influencing one -- a consumer to -- to chose a business over another one and I'm hoping that he would agree that that is, in fact, the -- proper definition of steering.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I think so.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Perfect.

Representative Sampson.

REP. SAMPSON (80th):

I'm sorry, did I hear the -- the Chairman say yes that is correct, Mr. Speaker?

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I think your definition of steering is appropriate, yes.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And thanks to the Chairman for that answer.

I'd like to direct his attention to certain lines in the proposed bill, specifically lines 5 through 8, which essentially I think is more or less existing law and it may be verbatim from the statute that we already referred to, 38-354, which says no insurance company doing business in the state or third party claims -- administrator, agent or adjuster for such company shall require any insurer to use a specific person for the provision of automotive glass work.

Basically it's pretty cut and dry that says that you cannot steer in Connecticut and I believe that language already exists and I don't oppose that being included within this bill as well because I think it is a positive thing.

My concern has to do with Section 2 which seems to be completely contrary to that section because while in those lines we are saying that you absolutely cannot steer, as we just described steering, it seems to me that Section 2 absolutely indicates that we are

going to direct insurers to steer for line 23 says shall provide an insured with the name of which seems to me the exact intent of the first part to negate this behavior from occurring.

And I'm wondering if the Chairman has a response to that.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

And through you, Mr. Speaker, you know one could argue that every TPA, every insurer, in the absence of a TPA, an individual may ask the insurance company. One company that comes to mind that administers their own automobile glass claims I believe is Travelers and they have a network. They don't say use an individual. They give out a bunch of names so they have a network of people they feel comfortable with that will do that work.

The mere -- the -- the mere nature of a TPA really is -- you could argue is steering. It's excluding -- you know, if TPA has five installers in a neighborhood in the City of New Haven, there's

probably 30 of them around the state that would be interested in doing that work. They drive their truck there. They replace the glass.

So you could actually use that argument that -- that a network -- a network is steering in the sense because it eliminates a lot -- it eliminates somebody. It eliminates some company.

What this is saying is, you know, at least have a little bit of a network TPA, one -- one other person in your network maybe. That's all this saying.

So the mere nature of referral work, so to speak, whether the insurer is referring or a TPA is referring, when somebody says fix my home, fix -- fix my car, can you recommend somebody. Do you know anybody that replaces glass? Just a -- the nature of that carrier saying oh yeah we -- we have five companies here that we like and we'll give you their names.

I mean just the -- the nature of it is a steering to some degree if you want to look at it through that type of argument.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And thanks to the Chairman once again. I think that the -- the Chairman's description of the nature of a TPA being involved in steering is something that I don't necessarily agree with and it begs the question if that is the case, then how come there are no complaints in -- at the Insurance Department in their Consumer Affairs Division against steering and since we already have laws that regulate this, what would this law do differently?

And how come we're not enforcing our existing laws against steering if that's the case? But I'm not going to even go there. I think we've spent enough time discussing what steering is and what steering is not.

The -- the next thing I -- I want to just talk about briefly is that -- well I -- I want to come back to say that I believe that Section 1, lines 5 through 7, which says steering is not allowed and that Section 2 in its entirety is actually steering in and of itself and therefore contradictory and the reason why I cannot support the legislation in this form that it is.

But I want to just talk about exactly what Section 2 does and it seems to me that what it does is it directs a third party administrator to refer a potential claimant to another business which, as we already described, is steering.

But you just, as a matter of fact, Mr. Chairman, mentioned that the nature of the TPAs would be directing to maybe four or five businesses as steering. Well this particular case we're only directing them to one other business and I'm wondering what the reason is for that.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, my personal belief is it's a result of diminishing legislation down to a point that it's something that these little businesses will accept although it's not much. It's something that they'll accept and that they could live with.

I -- I personally believe that it should be more of a network like the other companies do and possibly because of the energy behind this bill it is only one

other and that's all these small businesses would be content with one other name.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

The Chairman just mentioned that we're referring to small businesses but I don't see anything in Section 2 that says that the TPA is referring one other small business. What's to prohibit them from referring another large business? Is there anything in there, Mr. Speaker?

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

No there's nothing and you're correct it could be -- when -- when I say small business I -- in -- in auto glass, from my knowledge of it, Mr. Speaker, there's 34 or so independently owned shops. A few of those may be owned by an affiliate of one TPA and -- and maybe some of them do tremendous amounts of business and maybe the one that is owned by an affiliate, not the one who is behind this issue, and

maybe they are a big business, I don't know -- really know the size of that business.

But, through you, Mr. Speaker, you're right. I -- I mean what is a definition of small business? Is it a mom and pop shop or is it a -- could it be a -- a large corporation? It -- it's not necessarily -- it could be a large business.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And thank the Chairman for his answer. So a follow up to that I guess would be is there anything in this legislation that would prohibit the large TPA from engaging in some sort of agreement with one other small glass shop to partner with them so that they refer themselves and that one other glass shop? Is there anything contained in this proposed bill that would prohibit that?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

That's actually an interest -- through you, Mr. Speaker, that's an interesting point the good Ranking Member makes. If some type of contractual agreement came between a TPA and a large or a small installer, could they -- could they influence the work to become there? Would they be in violation of a -- and -- and I would say he's correct.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And thanks to the Chairman again for his answer. In fact I believe that this legislation is enabling legislation that would almost encourage that behavior from occurring. I think that our current statute that we've mentioned numerous times that prohibit steering basically prevents that type of collaboration between different businesses for the purpose of price fixing and steering customers to and fro.

And while that section is repeated in Section 1 of this bill, I believe that Section 2 almost creates the opportunity for that type of circumstance to occur because we're essentially inviting that behavior in

direct contradiction to our current anti-steering legislation.

So let me just ask another follow up about the -- the referring to one business situation. My question has to do with what about the second glass shop that's in the area? So if we're going to go through with this procedure and pass this legislation and it becomes law, the -- the big TPA is going to be required to refer let's say Joe's Glass Shop down the street.

What about Dave's Glass Shop who is not being referred? Now isn't he being penalized in some way shape or form because he is not part of this agreement and there is no business being steered to him?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, what -- for all intents of practical purposes, what would happen if this legislation becomes law? That TPA, who owns the affiliate, would, in all probability -- it doesn't make any sense that they would not name another individual in their network.

That's in their financial interest, not in their financial interest as great as the one they own but they will name somebody else in their network, their network of glass installers, approved, approved to do it at a reasonably competitive price, quality workmanship, good customer service or what are their - whatever their -- whatever their standards are and whatever their network is.

So in all -- in all probability if Dave's -- I think you mentioned Dave's Auto Glass, was not a member of that TPAs network, they may not get their name put out there.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And thanks again to the Chairman. I think we've pointed out a number of deficiencies in this legislation so far. I think that there are sections of the bill that are clearly contradictory because in one case we're saying that steering is not allowed. In another case we're saying that we must have steering.

And then we're saying that if we're going to steer, we're only going to steer to one other business which may leave the other competing businesses in the area with even less business than they had even before this law was passed.

So a follow up question, through you, Mr. Speaker. Can I ask the Chairman how that other one glass shop is -- is chosen?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I don't know the inner workings of these TPAs. However their overall mission, I suspect, is to administer glass claims on behalf of one or more insurance carriers, to do it in an efficient way that's more cost-efficient than them doing it on their staff to try to save them money and at the same time achieve some type of quality and customer service.

I would imagine that's the overall mission of most of the TPAs in referring to anyone in their network.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

Did I just hear the Chairman say that he believes that it will be the TPA themselves that makes the decision on who and what other glass shop they're going to chose to refer to?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, no. The TPA will create the network and it could be, in all probability from what I understand, there is a system where several names are given out by most TPAs, except for literally one, of several glass installers within that network.

They -- from how I understand it, they do not and I would suspect that -- as I mentioned before, this is an evolution of an existing statute and if they do do that, then this would also correct that problem by -- by pulling the TPA and -- and treating it as you would

an insurance carrier in terms of requiring where automobile glass is going to be repaired or replaced.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPREAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

Forgive me I didn't really follow the Chairman's answer. I guess what I -- I really want to know is what about the other glass shops that are not the TPA and are not the one glass shop that is being referred to by the TPA when asked. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I'm sorry. I didn't hear the question. Could the good ranking member repeat the question. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson, Representative Megna could not hear your question properly. Would you mind repeating it, sir.

REP. SAMPSON (80th):

Thank you, Mr. Speaker. I would be happy to.

I guess what I'm asking is if you're not the TPA and you're not the one glass shop that's being referred to and you are instead another glass shop that is not being referred to, are you out of luck as far as this legislation goes. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker. No, you're not out of luck. You still have a business. However, you know, when a TPA has this amazing ability to administer the automobile glass claims of major automobiles insurers here in the state, they're provided with this tremendous advantage to encourage that workmanship to go a member of their network one member of their network. So no, that individual is not out of luck, but we've had in front of committee, Mr. Speaker, we've had -- it's got to be at least 20 of these small businesses come and testify -- come and testify in support of this bill, in support of this issue.

So no, they -- the answer is no, they can still get work, but it makes much, much more difficult when you have a TPA that owns the installer and

administers, you know, 50 percent of the automobile glass claims work for all the underwriters here in the state. You know, so no, they're not out of luck, but for all intents and purposes from what I understand, many of them are disappearing year by year because of this behavior. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And I thank the Chairman again for doing his best to address the concern that I have about other glass shops that are not going to be part of the result that this legislation would create. I think what he's trying to get at is that this bill is supposed to create some element of fairness and the way it does that is by forcing one business to acknowledge that another business that competes with them is entitled to some of their part of the share of the marketplace, but I think that that is the reason that we have the anti-steering legislation that exists already, is to prevent exactly that practice because I don't believe it is the business of this body or government in general to get involved in choosing which glass shops

are going to get the business.

The way things ought to work is they should compete for that business by marketing their wares, offering a superior product at a superior price and hoping that they generate the business. And I believe that this particular legislation while it might benefit the one other glass shop, which we've already established could be in partnership with the TPA themselves and I feel that this legislation enables that behavior rather than doing anything to prohibit steering, it's going to encourage it directly by requiring it in Section 2, and also giving an incentive to the third-party administrator to partner with some other glass shop so that they can share in the profits.

You know, this bill is being presented as if it's pro-small business, but the fact that I think that anyone that is truly pro-small business would see some of these faults in this legislation and that somehow the government is interjecting itself into the free market where it does not belong. You won't find anyone in this chamber more sympathetic to the plight of small business in the state of Connecticut than I and I cannot support this legislation for those

reasons. I don't think this is the way that you go about helping out small glass shops. I think it is going to hurt consumers because it's going to raise premiums across the board. The reason why we have the system we have is because it works.

The insurance department opposes this legislation because they agree with me that this is a problem -- a solution look for a problem, that there are no complaints at the insurance department. And finally, I don't think it's going to work for the reasons that I've already stated. I don't know how anyone could suggest that we're going to fix a problem of steering by doing more steering. This bill tells private businesses that they have to refer other private businesses. It makes no sense to me. I don't know how any entrepreneur, any businessman whether they're large or small could think that that is a right and just thing to do.

And with that, Mr. Speaker, I have an amendment. It is LCO 6559. If you would call it and I could have leave of the chamber to summarize. I would much appreciate it.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Will the Clerk please call LCO 6559, it shall be

designated House Amendment Schedule "A."

THE CLERK:

Mr. Speaker, LCO Number 6559 designated House
Amendment "A" introduced by Representative Sampson.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson, is asking leave of the chamber to summarize the bill.

Any objections?

Seeing none, Representative Sampson, please proceed sir.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

The amendment is very, very simple. It strikes lines 21 through 30, also known as Section 2, which is the part of the proposed bill that we've been speaking at length about which requires a claim representative that works for a third-party administrator to refer a consumer to another business in addition to its own. So I believe that this is steering in its essence. It is contrary to Section 1 of the bill and existing law and I don't believe it has a place in current -- in future Connecticut statute and I would like to see it defeated.

So there are good parts of the underlying bill.

It reinforces our existing anti-steering legislation and it provides an additional protection that says that the third-party administrator must say the following words to a potential consumer for glass repair. It says that they are required to say you have the right to choose a licensed glass shop where the damage to your motor vehicle will be repaired. If you have a preference, please let us know. I think that's very cut and dry and I think that's appropriate that consumers be made aware, if they are not already, that they can choose to have their vehicle repaired anywhere they choose. So I -- that part remains in the bill, and therefore, if we are able to pass this amendment, I would support the underlying bill after Section 2 has been removed.

I move adoption, Mr. Speaker, and I would like a roll call vote, if I could, when the time comes.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Question before the Chamber, is whether or not to have a roll call vote on House "A." All those in favor of a roll call vote on House "A," please indicate by saying aye.

REPRESENTATIVES:

Aye.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Sufficient numbers have been met. When the vote is taken, it shall be taken by roll.

Further on House "A." Further on House "A."
Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

And, Mr. Speaker, I appreciate the work and working with the ranking member, Representative Sampson, but I have to respectfully oppose that amendment. It essentially for lack of better words, guts the bill, removes the most vital piece of the bill that helps fix the problem we're trying to address here today, and with that, I would ask that my colleagues oppose the amendment that has been presented. Thank you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Megna.

Further on House "A." Further on House "A."

Representative Alberts on House "A"? No.

Representative Ackert on House "A"?

Representative Cafero --

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

-- of the 142nd, you have the floor.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Mr. Speaker, I know it is the appropriate rules of this chamber that when an amendment is before us and you want to speak on that amendment that you speak on that amendment and not the underlying bill. The problem in this particular case is that the amendment that's before us strikes a certain part of the underlying bill. I think before myself and I presume my colleagues make a decision upon, I need inquire more about the very part that it's trying to strike. So with that, that sort of caveat, I would like to ask a few questions, through you, to the proponent of the bill to understand better the amendment that strikes that portion of the bill I'm asking the questions on, if that makes any sense whatsoever, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Simple to me. Proceed, sir.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Through you to Representative Megna, here is the problem I have and maybe my good friends out there

have the same problem. I see both sides of this argument and I think what we try to do in this chamber after hearing both sides of the argument is to come up with a fair, if possible, a fair solution that takes into consideration both sides of the argument. On the one hand, we have a current system that allows a third-party administrator to book appointments to replace glass on automobiles. This third-party administrator happens to be in the business of replacing glass on automobiles. The concern is that this third-party administrator when they get the call will steer the business towards their guys.

We have tried in the past by the language we've put in to prevent that from happening. One might argue it begs the question should third-party administrators be in the business, the very business that they are supposed to be administering people or guiding people to go to. Excellent question. Unfortunately or not, depending on your position, that question is not before us. This bill is.

Representative Megna has indicated that the part that this amendment that's before us that's trying to strike is the heart and essence of the bill. It is the part of the bill that we believe makes it fair and

prevents that thing we don't want to happen, that third-party administer from steering the business. We believe it prevents that. The amendment that's before us strikes that so one might say if we strike it, then it's no longer fair and it goes back to the other way, but I want to ask a question I think that's important that was brought up by Representative Sampson when he brought out this amendment. The language that we're striking by virtue of this amendment requires the third-party administer to give at least one other name, one other name.

Now, we've heard in the testimony that there are 34 or so of these independent small business glassmakers. My question is is there anything else or anything in the language that this amendment hopes to strike that requires the third-party administrator to give anything but one name? So for instance, if Bob's Auto Body cuts a deal with a third-party administrator and the third-party administrator administering the clause that we're trying to take out by this amendment, you could go to Safelight or you could go to Bob's. And every time they're called, they only talked about Safelight and Bob's, Safelight and Bob's, Safelight and Bob's. They never mention the other 34

guys. How does that solve the problem that we purport to solve? And therefore, I guess before I vote to strike that clause out, it is truly a protective clause and how could that be? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, that section essentially prevents them from self-referring. All networks that are out there have limited number -- maybe not, maybe every glass installer in the state of Connecticut is a member of all these TPA networks, but this language literally says -- literally prevents them from self-referring. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, in my hypothetical, if they have to recommend -- they could recommend their own place, that self-referral, but they have to name one other place. If they cut a special deal with that other place, and to my knowledge, this bill in any

part does not prohibit that from happening, then that one other name could always be the guy or gal or business that they just cut that deal with it, could it not? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, in theory, the nature of the TPA, you know, is assure quality, price, customer service and all that. If their network is extremely limited to their own installer and one other, I don't know of that, but it's a possibility, that company could literally -- that TPA could literally use those two individuals. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, do I understand that even -- they could use those -- in your response to me, they could use those two individuals even if they cut a special deal with one of those guys. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

cah/gbr
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May 7, 2013

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, no.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Cafero.

REP. CAFERO (142nd):

Therefore, through you, Mr. Speaker, with regard to the amendment that's striking out that -- striking out that clause, in what part of the clause does it prohibit them from doing just what you said? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

The -- the other sections would prohibit that. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, could the good gentleman refer me to the other section of the underlying bill that he's referring to. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, the carrier -- the TPA would not be able to require that -- that automobile glass be replaced at any particular shop is what I mean. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen, wouldn't it be simpler if you look at the last line in the underlying bill, which would end if this amendment passes. If the third-party administrator would take a pause to have the question answered or the response when said, quote, you have the right to choose a licensed glass shop where the damage to your motor vehicle will be repaired. If you have a preference, please let us know. Pause. So that the person on the phone can say, yes, I happen to. I want to go to Cafero's Glass Shop or Megna's Glass Shop or somebody's glass shop or no, I have no preference or maybe the third-party administrator says I understand you live in Norwalk, zip code 06850. I'll give you two or three names of

glass shops in that zip code or I'll give you two or three names within five miles of the radius in which you hope to have your car repaired. That's choice. That's choice.

This is a choice. This almost can incent the third-party administrator to have their -- the other 34 independents have their favorite and there is nothing to prohibit in this legislation that third-party administrator to keep recommending that one favorite every single time. And that's the dilemma I'm having with regard to the underlying bill that this amendment hopes to change because I think the little guy, if you will, has a point, a damn good point. The consumer should be given a choice. That we shouldn't condone steering. On the other hand, the third-party administrator so long as that's not prohibited, has a right if the person has no preference to suggest their own shop. I get that, too.

And the question that I think we're supposed to do is to make sure in this chamber that what we pass is fair to both sides. I get that. And that's the genesis of the underlying bill. I get that. What I don't get is that the -- part of the bill that this

amendment hopes to strike is supposed to be the crux of the bill. That thing that makes this fair. And if you read the language, I don't see where it makes it fair. As a matter of fact, I agree that without that language, it makes it more fair because it stresses the point that the third-party administrator must say if you have a preference, let us know. Implication, now. Tell us now. If they don't, they don't. But they do, they're coming up with their own name. I think that legislation was necessary to address this problem. I don't think this legislation or at least that portion of the bill does that. I think it's a better bill without the clause and I think this amendment removes the clause.

It's not the crux of the bill at all. In fact, I would argue it does just the opposite of what it says it's intended to do. So if I'm one of the 34 guys or gals that owns a glass shop and I don't make the hit list of the third-party administrator as far as the extra name, I am out of luck; whereas, without that clause, the third-party administrator and the intent of this bill is to give a consumer a choice, a true choice. Do you have a preference? Please let us know. Pause. And they shouldn't be able to book an

appointment until that person responds to that question. No, I don't have a preference or yes, I do have a preference. The underlying bill does not say that. Or I would argue it says it up to a point and then sort of under does the good it does in the last paragraph, which this amendment is trying to strike and that's why I would support this amendment.

Folks, I think we all want to be fair here. I think the current system at least in practice is not fair. I believe that. I know some people think it is. So I think we should change it and I think we're sort of on the right track, but unfortunately, the bill without the amendment that's before us goes to the complete circle -- and actually, for something that shouldn't be steering, has the potential to steer business. Boy if we could only snap our fingers and a bill such as this could be placed on pause or PT'd and get the folks in the room and say work this out. Work this out in a fair way that doesn't go one way all the way to another. It's the kind of thing that without amendment, I don't know what the heck to do because if I vote for the bill, I'm not solving the problem. And if I vote against the bill and it doesn't pass, we've still got the problem.

I don't know about you, but hate being put in that dilemma. That being the case, I think the bill that's before us is better without the last paragraph because it's fairer to those 34 other individuals who own independent shops, that is with it because with it there could be one winner and 33 losers forever. Not a good thing. Thank you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Leader Cafero.

Further on House "A"?

Representative Alberts, no.

Representative D'Amelio.

Representative Scribner, on House "A," yes.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker.

Through you, a question to the proponent of the amendment, Representative Sampson.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. SCRIBNER (107th):

Thank you.

As I understand it, there is a preexisting statute that addresses steering as it pertains to collision or body shop repair, which might be thought

of as some as one in the same as glass repair. In the effort to remove this section from the proposed bill, would it be your interpretation that that would be produce a bill that would make this proposal equivalent to the anti-steering efforts that now address in current statute body shop repair. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Yes, in fact, I would. I -- the sections that would remain after the amendment of the underlying bill almost mirror existing law completely by prohibiting steering in all cases whatsoever and that does already exist for auto body and auto glass. The only real difference that would remain is this statement that is on lines 18 through 20 where the TPA is instructed to tell the consumer that they have the right to choose a licensed glass shop of their choice. But to answer your question as simply as possible, yes. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Scribner.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker.

And thank you for the answer to my question. I -- I guess part of what I'm trying to get it as that I think particularly to the consumer, it would be helpful if our efforts to address in their protection glass repair in the same way that we would be allowed to address body shop repair as far as what the insured is allowed to provide in regard to information. It seems to me that if we do something different for glass repair than we do for the others, it creates an even more confusing situation for the consumers that we seek to protect. Would you agree with that? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

I absolutely would. In fact, you should be aware that there was a significant lobbying effort on behalf of the auto body repairers to make sure that this legislation was drafted as an entirely new section in statute because they did not want their current anti-steering legislation altered by this proposed bill. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Scribner.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker.

So through you to the proponent of the amendment, do you think that this amendment, should it pass, allow the bill to mirror the preexisting statute that governs restrictions on steering for body shop repair. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Through you, Mr. Speaker, I guess I would say that if the amendment passes the bill does no harm at that point. I do not believe it's entirely necessary because I believe we have sufficient anti-steering on the books already. The statute that was mentioned numerous times, I believe it's 38a-345 is sufficient, but I also believe that once that offensive Section 2 is removed, the bill does no harm and I would likely support it. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Scribner.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker.

And I thank the ranking member of insurance for his answers.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Scribner.

Further on House "A." Further on House "A."

Representative O'Dea on House "A." You have the floor, sir.

REP. O'DEA (125th):

Thank you, Mr. Speaker.

To the proponent of the amendment, I've only been an attorney for 22 years, but I think I agree and would ask do you agree that if the amendment does not pass, this proposed bill will violate 38a-354.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Sampson.

REP. SAMPSON (80th):

Yes. I believe that Section 2 of this proposed bill is a direct contradiction to existing anti-steering statutes, because it proposes to steer.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative O'Dea.

REP. O'DEA (125th):

Thank you, Mr. Speaker.

Based on all the comments here, I cannot under any circumstances understand how we can could vote for -- if this amendment does not pass, how anybody could vote for a bill that violates our current statutes. So thank you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Further on House "A"? Further on House "A"?

If not, staff and guests pleas retire to the well of the House, members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the chamber immediately.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Have all members from West Hartford voted? And Bristol, again. Have all members voted? Have all members voted? Please check the board and make sure your vote is properly cast. If all members have voted, the machine will be locked.

Would the Clerk please take a tally. And would the Clerk please announce the tally.

cah/gbr
HOUSE OF REPRESENTATIVES

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May 7, 2013

THE CLERK:

Bill 5072 LCO 6659 House "A."
Total number voting 145
Necessary for adoption 73
Those voting Yea 53
Those voting Nay 92
Those absent and not voting 5

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

House "A" is not agreed to, and therefore,
rejected. Further on the bill. Further on the bill.

Representative D'Amelio of the 71st, you have the floor, sir.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker.

Mr. Speaker, as you know, I've been on Insurance for many years. This is my first year that I am not on the Insurance Committee. I'm trying to get a better handle. I know this issue has been before the Insurance Committee for a few years so I want to ask one question to the proponent of the bill, if I may.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. D'AMELIO (71st):

Representative Megna, as you know, this bill was

passed last year by a pretty large majority in the House. What -- what was the series of events that triggered this to come before us today? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, the bill when it was a short session, as you know, and the bill went over to the Senate and I think they just ran out of time. I think they called the bill on the last day, and you know, maybe there would have been a lot of debate on this bill and I don't know why the Senate vote on it or defeated it or pass it, but it was a short session and I know that they were running out of time. There was a lot of business to be done last year. However, though, through you, Mr. Speaker, this bill went through the entire process, once again, the entire public hearing process. And in addition, my leadership has asked that meetings be made with the parties involved with this bill and there several meetings even after the bill had come out of the committee this year in an attempt to come to some type of a conclusion. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you.

And through you, Mr. Speaker, so all parties that affect did sit around the table and try to resolve this issue? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, more so than when this bill which essentially, like I said earlier, is identical, more so than the meetings and energy that was put into the bill last year. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker.

I have no further questions. Mr. Speaker, I agree with Representative Cafero. If the amendment we just voted on had passed, I think it would be a better bill. However, I do rise in support of the bill that's before us because I do think it's needed.

Having sat on the Insurance Committee for many years, we went through the debates with the auto body industry when they felt that business was being steered away from them. You know, being part of the public hearings on the Insurance Committee, there are many, many small operators of glass companies that came before the Insurance Committee and spent hours waiting to testify. Now, it's already tough enough in this economy as a small business owner to make ends meet. There is an issue out there. I believe there is.

I remember being on the Insurance Committee and during the public hearing part of it, one of the glass shop owners brought a recording and played for the committee and it was almost an advertisement for the company -- the TPA's company. It was like a commercial that was playing when you put on hold. I don't think that's fair. I don't think that's fair that -- and I'm told that's not being -- it's not being done, but I heard it as many other people on the Insurance Committee heard it and it's probably a practice that has stopped because it came to light, but it is going on. You know, when you're calling these third-party administrators, they have deals made

with certain glass companies and that's their prerogative. That's good business for them and I understand that. But as a little guy, if you don't want to participate in that network, you're literally you're going to be squeezed out of the entire market of glass repair and that's unfortunate because these are our neighbors. These are the people that contribute to the little leagues in our town. These are the people that contribute to functions in our churches and they're literally being squeezed out of the marketplace so that insurance carriers can make more profits or not expend more dollars.

And I understand that part of the argument, too, but you know, to think that it's not happening, to think that you're not trying to be persuaded to go a certain way is simply not true. I remember years ago whenever I broke a windshield on my car or something, you would just simply go to the glass shop of your drive. I would just drive there or call them and they would come pick up my car and repair it. Now, you have to call. You have to call and literally get permission. That's what happened to me like a year ago. So there is a reason why these TPAs are there and they were never there in the past. We do need to

level the playing field so I think this -- this bill, although as Representative Cafero without the amendment, it's probably going to cause some issues and we'll probably have to see it again, but I think it's worthwhile for all those small businesses out there, those small glass shops to support it here today. Thank you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative D'Amelio.

Further on the bill? Further on the bill?

Representative Alberts of the 50th District, you have the floor, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

I rise in strong opposition to the bill that is before us today. I have sat through many of the same hearings that the previous speaker sat in and while it's great to listen to some of the comments and some of the plight that is laid out before us, the fact that there have been no complaints filed through the insurance department really has me concluded that this bill as it's presently structured is a solution in search of a problem. So for that reason, I will be voting against it. Thank you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Alberts.

And Representative Scribner on the bill.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker.

Through you, a question to the proponent of the bill.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. SCRIBNER (107th):

Thank you.

I'm curious how -- how it was determined when this bill was drafted that you came to the conclusion that in an avoidance of steering that insurance companies would be allowed to provide -- is it two -- how did you arrive at that versus three, four out of the 34? Thank you. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

There -- this bill doesn't limit the TPA to limit the repair facilities to two. Under existing law, that repair -- that -- well, actually, it's

questionable because it's a TPA, but the insurer could not require that that glass be repaired in one shop. So the -- really, the one other was a negotiation that came to that point. You know, I hear these comments that you're addressing steering with steering, but Mr. Speaker, if you think about it, any time you have a limited number of referrals, when people say they want their car fixed, can you refer somebody? I want my glass replaced, can you refer somebody? I want my house fixed.

You know, the carrier or the -- the TPA in this situation has a -- maybe a limited number, maybe not, maybe all -- maybe all 34 or greater shops are part of the network of this bill is -- the TPA that this bill is about and maybe that one other maybe one of those 34 for every job that comes in. I don't know what their process is or how limited their network is, but it prevents self-referral. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Scribner.

REP. SCRIBNER (107th):

I think I understood the proponent of the earlier to identify that 15 years ago, there were 70 glass repair shops in the state of Connecticut compared to

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what is now 34, 35. Can you confirm that? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, now, this is from what I'm told by the individual glass shops and I think their association that the number of mom and pops are down to 34. The exact cause of that -- from 70 or so -- the exact cause of that, I don't know. They tend to blame it on -- part of it -- at least part of it on this process, the existing process which we're trying to address here today. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Scribner.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker.

And I thank the Chairman of the Insurance and Real Estate Committee. Part of what I'm trying to get at is that it's my understanding that there may be one large competitor I'm guessing that has multiple locations throughout the state versus the many other individual or independent businesses. Could you identify the difference in those numbers as to how

many locations one of the major glass repair shops may have versus the remaining independent or individual glass shops? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I don't have the number in terms of volume of dollars or windshields that are replaced by the different glass shops. I don't know -- I don't know what constitutes large or small. I think most would agree that the installer that -- we're trying to address here with this legislation or the TPA or that -- the process that that one TPA does, one would argue is a very major player with anywhere from 20 percent or greater of the marketplace here in Connecticut. The marketplace being the number of windshields and auto replaced. Also, Mr. Speaker, I want to point out that, you know, when you have an insurance agent, you have a direct line to an insurer, you're with a direct writer, sometimes an agent could refer someone else.

There is a lot of marketing that goes on because the mom and pops and insurance agents and companies. In fact, I think when this bill first came in front of

the committee, which was interesting, was there was a proposal in front of the committee from the TPA prohibiting small glass mom and pop from giving gift certificates or gifts to insurance agents for marketing. Well, that's actually how this bill originally started where that -- that TPA was asking our committee to introduce a law to prohibit marketing of these small mom and pops to insurance agents which was very interesting, which is what I think got our committee's attention. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Scribner.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker.

And I thank the chairman for his answer. I think that the intent behind this bill is very worthy and I think it is intended to be a business and consumer-friendly effort. I think it's unfortunate that the amendment that was offered didn't pass because I think it would have strengthened and improved the intent of what the bill is there to do. But I also am aware that many of the small independent glass shops that we've heard reference to are in support of this bill and it is in part their support

that brings it before us. I wish that it went further because I think it would benefit the many that it seeks to benefit more so, both the consumer and the independent glass shops, but I think it's an effort going in the right direction and worth of support.

Thank you.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Scribner.

Representative Ackert of 8th District, you have the floor, sir.

REP. ACKERT (8th):

Thank you, Mr. Speaker.

And first a comment, you know, when I hire -- and that's what I do -- I hire my insurance company, it comes with I think a plethora of services, you know, and one of those in case and God forbid that I have to use the services for whatever it may be, whether it's damage to my house or damage to my car, I think one of the things that an insurance provider would not want to do is give -- is ruin his reputation is give a name out that is not reflective of supporting his consumer, me, the person that is using his services. Because as a business owner, I look at referrals as a part of my ability to thrive.

Similar, if I go to my general practitioner and I have to go to a specialist, I pretty much -- I guess I should maybe check and see the people that he refers me to also. I think we rely on that because we may not know the best person, but someone in the insurance business or somebody that's providing a referral, you kind of hope that that referral is going to be to the caliber that we would all expect.

The issue that I have is that these people are not -- these businesses that we're trying to so-call not steer away from these providers are also Connecticut businesses. They may not be the largest, but people, have you looked at your local hardware stores lately in the last ten years. They don't exist. So you look at different things that we've had in the past and you sit there and say, Gee, the small hardware stores don't exist. I wonder why that could be, what the reasoning could be. They can't make it, folks. They can't make it here. Big businesses have come in and provided a product that's cheaper. They have the power to advertise. There has been no complaints that we know of that says the problem is is that the insurance companies aren't providing me the referrals and their steering it to somebody else. You

know, maybe the product is equivalent and cheaper.

Have we thought about that?

Maybe have we thought about that the businesses just can't make it and they're looking for people to blame. I look at the businesses that we're trying to possibly steer away from and I know that they're Connecticut employees. They have a job. What happens -- what are the unintended consequences when we start saying, hey, you know, you can't steer to such and such -- and I understand the steering part of it. It is -- it could potentially be a problem, but it gives that credibility for that company that says, hey, you know, as -- when I call -- I have a window that needs to be replaced in one of my construction vans. I want to call and say is there a person that you would recommend and he's going to probably say, well, you know, I shouldn't recommend it, because you're working on legislation that is dealing with steering. But I always think about it, folks, I think that this problem that we're trying to fix isn't just about insurance steering. It may have more to do with the climate in Connecticut in terms of trying to have a company survive.

And through you, Mr. Speaker, one question to the

proponent of the bill.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. ACKERT (8th):

Thank you, Mr. Speaker.

To the good chair, I truly appreciate all the answers that you've provided. They crossed off many of mine. I would just like to know what is the penalty that would be -- that is placed on these insurances that are caught steering. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I don't know what the penalty is under the statute currently for -- for steering or requiring that auto glass be repaired at a particular facility, but in all probability there is a penalty under the existing statute. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Ackert.

REP. ACKERT (8th):

Okay. So there is -- would be a fiscal penalty?

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, I don't know how this if this bill becomes law, I'm assuming it's going to go somewhere under 38a-354. I don't know what the existing -- if there is a fine or -- or what -- what the -- what is provided under that section of the statute. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Ackert.

REP. ACKERT (8th):

Okay. Thank you, Mr. Speaker.

That would be something that I would be interesting in knowing. And I think that -- and I'll take a look and see if there is anything in statute. I guess when we impose a piece of legislation, you know, and it says you know, that you can't do this, but there may not be any penalty for not doing it. It's kind of like the bicycle, you've got to wear a helmet -- when you're a child wear -- riding a bicycle with a helmet, but there are no penalties so there is really no enforcement level. So I just -- that just

concerns on that piece. Thank you, Mr. Speaker. And thank you to the good chair.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Ackert.

Representative Dillon of the 92nd, you have the floor, madam.

REP. DILLON (92nd):

Thank you, Mr. Speaker.

Speaking in support of the bill, I just want to thank Representative Megna and Senator Crisco for their hard work. It's difficult to do. We're trying to listen and help decent people who are the salty of the earth who are just trying to make a living. Thank you very much.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Dillon.

Further on the bill?

Representative Srinivasan, you have the floor, sir.

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, to the proponent of the bill, if I may.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

You may. Please proceed, sir.

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker.

Lines 18 through 20, they talk about the -- the person who needs to get the work done given a choice. So if the answer is, do you have a particular preference and the answer is no because you do not have a particular preference, this is not an industry that you deal with on a regular basis hopefully that you don't need this work done on a regular routine basis, then if you don't -- do not have a particular preference, through you, Mr. Speaker, then what would the -- what would the answer be in terms of where that person would requested -- suggested or steered to go? Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, if it's any of the -- probably any one of the TPAs that handle most of the insurance claim business or it could be an insurance carrier in all probability, they would have a network similar to a network with regard to health care insurance carriers and they would in all probability

may recommend hopefully more than one installer within their network. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Srinivasan.

REP. SRINIVASAN (31st):

Through you, Mr. Speaker, if I understood correctly, if that areas has about, let's say, three people or four people in this business, and when I do not have a particular preference because I do not know any one of them, would the names of all those three or four businesses be given to me as a choice to go to take my -- you know, the car work done. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, generally, I think there are two or three names that would be given. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Srinivasan.

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker.

And then going to the -- let me just go down to

the -- lines -- around line 30 -- I'm not getting my computer to work now -- it talks about in the amendment that we talked about, which obviously did not get through, that at least one more name needs to be given. What if, through you, Mr. Speaker, there are more than two to three such providers in that area? Would they be required only to give one extra name, so two names as I understand that or would all those in that area need to be given as well? Or is it up to that particular company to give out as many names as they choose. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Through you, Mr. Speaker, a lot of this would be the policy, the business practice of that TPA. And to back up a little bit and follow up on my answer to your last question about the two or three names. I'm told also that some TPAs may have what they call a rotation system where Bob's Shop gets one just and then the next job that comes in goes to Joe's shop and then Shop C, and maybe some of the TPAs have a practice that if Bob's Shop does a better job at a more competitive price, they may get more work. So I

think it's more of the business practice of the individual carrier, the insurance carrier, or the third-party claims administrator because let's not forget that there are -- there may be in addition to carrier and third-party administrators, there may be other organizations that administer glass claims.

Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Srinivasan.

REP. SRINIVASAN (31st):

Thank you very much for those answers. And through you, Mr. Speaker, one final question, it is my understanding in hearing and listening to the debate for a little bit at this point in time that the small automotive glass companies, they have not had any complaints when the work as been done. Is that something -- I did not understand the part about no complaints being registered as well, and I just need some clarification on that. Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Megna.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Actually, I'm glad the good Representative

brought that issue up. The complaint process between a policyholder and a -- I think they're referring to the complaint process between the policyholder and the Department of Insurance. It's -- you know, these are small, 300, 400 dollar claims. If a claim is made, it probably has to do with workmanship or service or something like that. It doesn't really have to do whether one company got the bulk of the business versus 34 other companies. The policyholder in theory is going to call the Department of Insurance or file a complaint online because the windshield somebody put in cracked or did a lousy job or the insurer never returned to a call to them or maybe the insurer tried to influence them to use another shop when they wanted to use their own shop so the complaints made to the Department really would be more so of quality of workmanship.

I know it's been told to me that these small installers -- I say small installers -- these independent glass installers have approached or have complained about this TPA process to the Department of Insurance, but those individual complaints on quality of work or not covering an auto glass claim, I would say aren't necessarily dealing with the issue at hand.

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Through you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Representative Srinivasan.

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker.

And I want to thank the esteemed chair of the Insurance Committee for his answers.

Thank you, Mr. Speaker.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Further on the bill? Further on this bill?

If not, staff and guests please retire to the well of the House. Members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the chamber immediately.

ASSISTANT DEPUTY SPEAKER ALTOBELLO:

Have all members voted? Have all members voted? Please check the board and make sure your vote is properly cast. If all members have voted, the machine will be locked.

Would the Clerk please take a tally. And

would the Clerk please announce the tally and give me back my gavel, please.

THE CLERK:

Bill 5072.

Total number voting	145
Necessary for adoption	73
Those voting Yea	107
Those voting Nay	38
Those absent and not voting	5.

(Speaker Sharkey in the Chair.)

SPEAKER SHARKEY:

The bill passes.

How many amendments do we have on this bill?

None? We don't. Wow.

Will the Clerk please call Calendar 262.

THE CLERK:

Calendar Number 262 on page 51, favorable report of the Joint Senate Committee on Finance, Revenue and Bonding, Substitute House Bill 5277, AN ACT CONCERNING MIXED MARTIAL ARTS.

SPEAKER SHARKEY:

Representative Dargan.

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ELLEN ANDREWS: Thanks.

REP. MEGNA: -- for coming today.

Senator Looney.

SENATOR LOONEY: Good afternoon, Mr. Chairman. Good afternoon, Senator Crisco, Representative Megna, members of the Insurance and -- and Real Estate Committee.

First of all, wanted to indicate this is where everybody is -- is alert and well after our long night, last night, in - in Newtown, which was certainly a riveting experience in many ways, as Representative Johnson also was -- was there for that -- that long evening as well.

And just one other note; wanted to congratulate Representative Riley, who was a former intern of mine, many, many years ago. And I realize that, at that time, of course, he had no gray hair at all and I had, I had very few, but it was -- so some time has passed since then.

But I'm here to -- my name is Martin Looney; represent New Haven, Hamden, and North Haven, Senate District No. 11, also Senate Majority Leader.

I'm here to testify in support of Senate Bill 599, AN ACT CONCERNING DISPENSATION AND INSURANCE COVERAGE OF A PRESCRIBED DRUG DURING REVIEW OF AN ADVERSE DETERMINATION OR A FINAL ADVERSE DETERMINATION, and also House Bill 5072, AN ACT CONCERNING AUTOMOTIVE GLASS WORK, and House Bill 5073, AN ACT CONCERNING MOTOR VEHICLE GLASS REPAIR SERVICE.

First, Senate Bill 599 would require in cases where denial of service is for a prescription

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forestall implementation of the bill if it is regarded as a mandate by HHS. I'll -- I'll share with the committee the answer from HHS as soon as -- as it's received.

House Bills 5072 and 5073 would create a more equitable market in auto glass repair. These bills are good consumer bills that would require that the insurer inform the insured of his or her right to select the auto glass repairer of his or her choice.

Under current law, the insurance agents doing business in Connecticut may not require an insured to use a specific auto glass repair shop. This legislation simply requires that the insurer disclose this fact so that there is not any -- any -- any steering going on or by implication.

The legislation would extend the current statutory requirements regarding other automobile repair to auto glass repair. It would protect consumers and encourage market competition, and this legislation would create a more open market by preventing insurance companies from steering people to whatever glass repair shops that are in some way subsidiaries of the insurers, and it would guaranty consumer choice.

Thank you, and thank you to this committee for -- for hearing these bills.

Mr. Chairman, thank you, very much.

REP. MEGNA: Thank you, Senator Looney, and thank you for your advocacy on these issues. It's so important in this place to have you come out on some of these issues for us.

Are there any questions? No.

Connecticut, that leaves them with only out-of-pocket jobs and work done at repair shops that that -- that particular work does not require to go through insurance.

All we are asking is to require the networks to give just one more name besides their own to the consumer when there is a glass claim. Also, keep in mind that all the income that is earned by these people in the independent glass shops stay here in the state.

Thank you.

REP. MEGNA: Thank you.

Mark, you're a -- a wholesaler of the glass?

MARK S. VECE: Yes, sir.

REP. MEGNA: And how many different manufacturers do you buy from?

MARK S. VECE: How many different manufacturers in -- in auto, in automotive do we buy from?

REP. MEGNA: Yeah.

MARK S. VECE: Probably six.

REP. MEGNA: Six. And, I mean, I don't know if I should mention the company this is all about, but are they one of your suppliers?

MARK S. VECE: No.

REP. MEGNA: They're not.

MARK S. VECE: No.

REP. MEGNA: Okay. Do you have access to their -- their product if you wanted it?

MARK S. VECE: I guess we could buy from them, yes.

REP. MEGNA: Yeah. And I'm just curious; why don't you?

MARK S. VECE: Well --

REP. MEGNA: That's fine.

MARK S. VECE: -- we buy, we buy from the manufacturers, and they -- they --

REP. MEGNA: But they're a manufacturer also --

MARK S. VECE: They are --

REP. MEGNA: -- aren't they?

MARK S. VECE: -- also a manufacturer. But we buy primarily from the OE manufactures that make the glass for the cars, themselves.

REP. MEGNA: Yeah.

MARK S. VECE: We do buy some after-market product, also, but I don't -- they're -- I don't think they're really set up to sell wholesalers. They're really more set up to sell --

REP. MEGNA: -- to their own shops?

MARK S. VECE: -- (inaudible) like to compete. They sell to their own shops or compete with us, with the retail stores.

REP. MEGNA: Okay.

MARK S. VECE: Yeah, I don't think they've ever actually approached us nor have we ever talked to them about buying any, you know, truckload containers from them.

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REP. MEGNA: Okay.

MARK S. VECE: And that's the way that we buy.

REP. MEGNA: Okay. Thank you, very much.

Are there any questions?

Representative Sampson.

REP. SAMPSON: Thank you, Mr. Chair.

And thanks for coming in. Just trying to understand --

MARK S. VECE: Sure.

REP. SAMPSON: -- and -- and maybe you're not the right person to ask, because I -- I don't think you're responsible for writing the language of the bill, but just -- just curious how it might benefit you and your competitors as a whole to have these TPAs offering themselves and one other shop. What about the other shops, if there's five of them in the area?

MARK S. VECE: I think we'd love to have them offer it to everybody, as it used to be. This was sort of something that was negotiated with -- last year.

REP. SAMPSON: Negotiated between whom?

MARK S. VECE: I'm not really sure. I just know people who've, when there's conversations about all this, it was sort of (inaudible).

REP. SAMPSON: Well, the reason why I'm asking is I -- I just -- and, to me, if I own a small business and I understand that I'm losing business to a, to a large competitor and we're

going to have the Legislature basically interject themselves into that arrangement to make sure that we keep maybe my business or some of my fellow competitors, you know, you know, able to compete in the marketplace, I'm just wondering how it would benefit me or anyone else if they're only going to offer one of me and my competitors. What about the rest of us?

MARK S. VECE: Well, I -- I agree with you. And, again, and I think in -- in a, in our perfect world, the -- it would be, it would be all the net companies in that area would be named. But this is what was -- was decided, because it got complicated about whether you offer five or eight or six.

So, you know, really what -- realistically what happens is -- is they get walked through it. If you have a claim, you get walked through the claim and then, and then -- and they -- and, you know, you're being told you could use somebody else but they don't offer any other names. So we just want to get another name out there, so --

REP. SAMPSON: Okay.

MARK S. VECE: So that that question gets thought.

REP. SAMPSON: So -- so do you know what they are required to say?

MARK S. VECE: Do I know --

REP. SAMPSON: Under -- under current --

MARK S. VECE: -- what the --

REP. SAMPSON: -- law, I mean. And, forgive me. I'm not as familiar with this as --

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MARK S. VECE: No.

REP. SAMPSON: As you might be, but, I mean, do you know what that third-party administrator --

MARK S. VECE: I --

REP. SAMPSON: -- might -- might --

MARK S. VECE: I do not.

REP. SAMPSON: Would be required to --

MARK S. VECE: I'm sorry. I'm really in the wholesale end of this. I'm not that familiar with that part.

REP. SAMPSON: Understood. Well, I'll leave my questions for some other folks --

MARK S. VECE: Yeah.

REP. SAMPSON: -- if that's all right.

I just, quickly, I mean, do you think it's a good idea to have the State of Connecticut write laws where the government gets to decide who's competitive in business? It's just a very simple, philosophical question.

MARK S. VECE: I think it's a good idea if they give us a level playing field to compete in.

REP. SAMPSON: Okay. Well, I don't think it's a level playing field if the, we're going to write laws to say that one business gets an advantage over another.

MARK S. VECE: Well, it's a minimum of one. They could, they could, they could certainly say more than one. It's not required to say one

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(inaudible) --

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REP. SAMPSON: And I understand. I, I'm just, I'm, I mean, I'm not defending the TPA or their business practices, but it seems to me that they're -- they're not on a level playing field; they're being disadvantaged.

MARK S. VECE: Uh-huh.

REP. SAMPSON: That's all.

MARK S. VECE: Okay.

REP. SAMPSON: I'm just curious to know. You know, we have people come in and then obviously want to look out for their own interest; I'm wondering if it's a really good idea to look out for your own interests when it's at the expense of someone else. And that's my only question, really.

MARK S. VECE: I understand.

REP. SAMPSON: Thank you.

MARK S. VECE: Right now, nobody is getting that chance.

REP. SAMPSON: Understood.

REP. MEGNA: Thank you.

Are there any other questions?

Thank you, very much.

MARK S. VECE: Thank you.

REP. MEGNA: Andre Santamaria.

ANDRE SANTAMARIA: Thank you, Representative Megna, HB5072

Senator Crisco, and the committee. I submitted written testimony. I just, real quick, want to go over what I submitted.

I highlighted -- if you guys turn to page 3 -- this is a claim that's being called in by a GEICO insured, and where it says "Claim Representative," that would be a GEICO claim representative taking the claim.

Where, you know, after she sets up the claim, she gets the date of loss, et cetera, she says, "We do have an excellent glass company called 'Safelite AutoGlass' where" -- you know, it was hard to dictate -- "where we are affiliated with. You are not obligated" to use them but they will come out, right out to you, your home or your business at no cost. Then there's a pause. You could definitely go -- and I can definitely go into their schedule and schedule the next available appointment. I'm sorry; I'm nervous.

That's a problem because there, you have somebody from GEICO scheduling an appointment for Safelite AutoGlass, where we're not even sure -- maybe through the committee we could ask the question to their representatives -- is it Safelite, is it Safelite AutoGlass DBA Safelite Solutions? There's so many different names; you know, all these now. GEICO has their glass, glass Claim Express. Allstate has a Glass Claim Express unit. Are we talking to Safelite Solutions? We're talking to the insurance companies? And if we are, you know, how could they schedule an appointment and say that they're an affiliated shop that comes right out to you? I mean, that's really restricting our way of getting business.

And then there, on the bottom, she gets more aggressive, and you can see the claim

representatives where they, again, they'll say, you know, "you're not obligated." That's the difference between, you know, we honor choice and giving a choice. When the standard is honoring choice, large corporations with a lot of money can manipulate the law. And it's different to be given a choice. Whether it's a choice of one or a choice of two, a choice is a choice. And, you know, so that was that.

And even on it's, on the fourth page on the bottom, where again, once she's into it, the -- the GEICO representative turns around and says that they only have access to schedule for Safelite but not any other company. So that's a huge problem in the industry, and that's what we need to get resolved.

Then the company goes even further, a company with no regulations. There's the last page where there's an article from glassBYTES where Safelite Solutions -- if you turn to the last page -- is doing cards with the Allstate logo next to them with their company logo next to the Allstate. And they're handing them out. They're -- they're giving them to the insurance agents to give out to their customers, and on the backside of it is if you get a -- a -- a bull's-eye or a ding, there's a little (inaudible) that you put on it until you're able to call Safelite Solutions and set up a claim.

The problem is that the 800 number, Safelite Solutions answers the phone, whether it's called "Allstate Glass Express program" or what. And, again, giving, honoring choice, you're allowed to do a lot of this stuff that slams the phone.

And if you read in that paragraph that I highlighted -- right before the insurance card

-- there's a representative from Allstate Insurance that says -- his name is Herndon -- the customer -- it pretty much says that Allstate Insurance is to honor choice, however when a customer does not have a choice, Safelite Solutions can assist by providing a customer with a glass shop or recommendation that provides quality installation service along with excellent customer service.

Now, that's what Allstate representative said. He's not saying if the customer does not have a choice it's okay for Safelite Solutions to manipulate or coerce the person to thinking that they could only use Safelite AutoGlass. That's the difference because honoring a choice and giving a choice. When the standard is honoring a choice, you could get real creative in the way you get, you get stuff done.

And I hope that answers some of your questions that you, you just put off Mark. I know we would love to have a whole list of people. You know, we started an association that even if we do give one choice, one other choice, you know, we're going to meet once a month and we're going to ask members of the small, our Connecticut Glass Association, hey, are you getting any extra work since the law passed? If the answer is no, we will come back here.

And the reason why we -- we will accept the one name is because we don't want to close them down; they want to close us down. We want to work with everybody. So giving out one name will assure that the small business stays in business. And if they don't follow the law, then it's shame on them, because at least as a small business, we're giving them the opportunity to do the right thing.

Your concern was -- last year -- was well, say

what happens if they merge with a company and don't make it public and they don't buy it or they just file the work through one company? But we would know that because of the association. And then we can come back and prove evidence to the committee that they're not doing anything.

REP. MEGNA: Andre, of all the carriers that you -- you work with, what percent of them are under TPAs?

ANDRE SANTAMARIA: Every; you cannot bill any insurance company. Well, there's three or four large TPAs, Safelite Solutions being one, the biggest. Then there's Lynx, which used to be their rival competitor. But since they lost Allstate, they're, you know, they're number two in the pecking order. You have Gerber.

Safelite Solutions answers for 19 of the top 20 carriers that write automotive, auto glass policies in the country.

REP. MEGNA: Now, let --

ANDRE SANTAMARIA: The only major insurance company, they don't write for or administer the claims for is for State Farm Insurance.

REP. MEGNA: State Farm, and State Farm uses LYNX?

ANDRE SANTAMARIA: Uses --

REP. MEGNA: From what --

ANDRE SANTAMARIA: -- LYNX.

REP. MEGNA: -- I'm told.

ANDRE SANTAMARIA: Yes.

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REP. MEGNA: Yeah.

ANDRE SANTAMARIA: All the other carriers, like Middle Oak, those are regional. Safelite Solutions has all the national claims, except for State Farm Insurance.

REP. MEGNA: Are there any other affiliations with those other TPAs, whether it's ownership or -- or --

ANDRE SANTAMARIA: In -- in Connecticut, Safelite Solutions, and there's one other one that's called "TeleGlass"; they have an affiliation with J. N. Phillips. Those are the only two in the state of Connecticut.

REP. MEGNA: And Gang [sic] and Phillips is an --

ANDRE SANTAMARIA: J. N. Phillips.

REP. MEGNA: -- affiliated -- James [sic] and Phillips, that's an affiliated company of the TPA?

ANDRE SANTAMARIA: They're affiliated with TeleGlass, correct.

REP. MEGNA: Meaning there's some kind of ownership through a holding --

ANDRE SANTAMARIA: They're --

REP. MEGNA: -- company or --

ANDRE SANTAMARIA: -- owned by the same company --

REP. MEGNA: Yeah.

ANDRE SANTAMARIA: -- or a DBA. It's -- it's, you know, it's hard because we -- we're not privy to any of these contracts which, you know,

which would be great if we could --

REP. MEGNA: Yeah.

ANDRE SANTAMARIA: -- to see exactly. I mean, is it
a TP --

REP. MEGNA: The way the other TPAs operate, though,
it seems like you're okay. You're okay with
LYNX, say.

ANDRE SANTAMARIA: Oh, well, LYNX, again, they go
off a pricing tier; you know, you got to be
priced right to get --

REP. MEGNA: Yeah.

ANDRE SANTAMARIA: -- the work. We'll get a lot of
customers that, even if you call after hours,
for example for Amica, that would go through
the company called "Gerber" as the TPA.
They'll give them a choice of three, four
people in your ZIP code. Everything is done by
ZIP code.

REP. MEGNA: Right.

ANDRE SANTAMARIA: So to -- to go back to
Representative Sampson's question to Mark Vece
was, you know, if they could give out multiple
names and give out any names, it's all done by
ZIP codes, where you give them a ZIP code where
you work, where you live, where you want the
work to be done.

REP. MEGNA: Do all those other TPAs besides this
particular TPA give out more than one name?

ANDRE SANTAMARIA: Yes, all except for J. N.
Phillips and for Safelite Solutions, in the
state of Connecticut.

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REP. MEGNA: And so three out of five; is that what it is?

ANDRE SANTAMARIA: Probably yeah.

REP. MEGNA: Yeah.

ANDRE SANTAMARIA: Yup.

REP. MEGNA: They tend to do it according to, I guess it depends on where the -- the installer is located and the quality of the workmanship?

ANDRE SANTAMARIA: Everything is done through ZIP codes and, you know, part of being on the network and being in good faith and standing with the network is you got pricing is one of them. Warranty issues is another one. You know, and they're constantly e-mailing customers back --

REP. MEGNA: Yeah.

ANDRE SANTAMARIA: -- and forth and to -- to -- to get a, you know, to getting information. And also liability insurance, as well.

REP. MEGNA: So this law would really impact two out of, two out of those five.

ANDRE SANTAMARIA: Which none of them are or I think the only one out of those is based in Connecticut would -- would actually be --

REP. MEGNA: I mean --

ANDRE SANTAMARIA: -- J. N. --

REP. MEGNA: -- it would impact all five of them, but you have no issues with the three of them give out several names --

ANDRE SANTAMARIA: Yeah. I -- I --

REP. MEGNA: -- when a claim comes in.

ANDRE SANTAMARIA: I mean they're -- they all have
the capability. Even --

REP. MEGNA: Yeah.

ANDRE SANTAMARIA: -- LYNX Services, when they had
Allstate, they were, you know, we were allowed
to do things through the Internet schedule.
You know, they, through e-mail and "GLAXIS,"
they called it. And same thing with Travelers.
Travelers gives, if you don't have a choice,
they give you a web site that you could refer
to --

REP. MEGNA: Yeah.

ANDRE SANTAMARIA: -- with shops in your area.

REP. MEGNA: Okay. All right; thank you.

Are there any questions?

Representative Sampson.

REP. SAMPSON: Thank you, Mr. Chair.

Andre, good to see you.

ANDRE SANTAMARIA: Same (inaudible).

REP. SAMPSON: I appreciate you taking the time to
try and address my concerns.

ANDRE SANTAMARIA: Uh-huh.

REP. SAMPSON: And -- and I think you have a,
somewhat of an understanding of what they are.
But just to -- to clarify, really more than

anything, my concern is the role of the government and -- and this body, specifically, and whether or not we should be involved in assisting any particular business entity in having an advantage over any other business' entity, period. And I -- I think we do not. I think that's not the proper role of government.

My, I just -- let me start with a couple of questions. First off, are you asserting that the TPAs are violating the law currently? It's just an honest question; I'm not trying to put you on the spot. I mean, do you, are they breaking the law?

ANDRE SANTAMARIA: Page 3, the highlighted, that's pretty close.

REP. SAMPSON: Forgive me; I don't --

ANDRE SANTAMARIA: For instance --

REP. SAMPSON: -- have your testimony.

ANDRE SANTAMARIA: You know what I mean? Pretty close. If they're not violating the law, they're definitely tweaking it by, you know, it's, the way it's been explained to me from a few different attorneys, a TPA is pretty much a gray area.

The TPA is pretty much a gray area when it comes to steering, and that goes with all of them, whether they give out one choice, three choices or seven choices. Like you said, what happens if the guy chooses not to be part of the TPA; why should he not be able to get some of that work? And that's a valid concern. The problem is TPAs exist.

REP. SAMPSON: Right.

ANDRE SANTAMARIA: And they're not going to go away.

REP. SAMPSON: Forgive me that I don't know this,
you know, legislation and, you know --

ANDRE SANTAMARIA: Okay.

REP. SAMPSON: -- the existing law as -- as well
as -- as somebody who's in that business. I
don't see this but once a year when this
issue --

ANDRE SANTAMARIA: Yup.

REP. SAMPSON: -- seems to come before me.

But my understanding is that the current law
says that TPAs have to advise their customers
when they contact them that the consumer can
choose any glass shop that they want. That's
correct.

ANDRE SANTAMARIA: Correct.

REP. SAMPSON: Okay. And -- and basically the
argument you're making is that saying that is
not truly offering them a choice because
they're already on the phone with this TPA and
they're going to just continue to go forward
with that?

ANDRE SANTAMARIA: Exactly. What we're asking the
committee pretty much to do is to raise the
standard. Because, again, if you only have to
say you don't have to, you know what I mean,
you -- you could choose anybody, and then the
customer service rep from GEICO proceeds to
schedule your appointment and then says, Oh, by
the way, you don't have to use a company that
we're affiliated with, how's that not violation
of direct steering? And --

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REP. SAMPSON: Okay.

ANDRE SANTAMARIA: -- if you don't take my word, I
can play the tape for the conversation, like we
did last year.

REP. SAMPSON: Understood. And -- and --

ANDRE SANTAMARIA: So we need help.

REP. SAMPSON: I know.

ANDRE SANTAMARIA: There is no perfect answer.
Honestly, the perfect answer would be you have
insurance, you call your insurance agent, they
tell you look in the Yellow Book, you pick a
shop, you go there, you get the receipt, you
submit it to your insurance agent, they cut out
the check. They cut you, they cut the check to
the insurance company, pay. That's how it was
done 20 years ago.

REP. SAMPSON: Understood.

ANDRE SANTAMARIA: Since TPAs have been, you know,
founded, it's not that same animal.

REP. SAMPSON: Okay.

ANDRE SANTAMARIA: So a TPA is a way of steering;
it's a very gray area.

REP. SAMPSON: Right; understood. Would you
acknowledge that in any way, shape or form the
TPAs way of doing business, the insurance
companies' choice to use a TPA and to, as much
as they can within the law, steer business to
their own companies and affiliates that they
have a working relationship with benefits the
consumer in any way, shape or form?

ANDRE SANTAMARIA: It does better the consumer in a

way, if it's a true TPA. But if it's a TPA that's used to funnel work to a sister company or another company they're doing business with, no. And the reason for that is because on a true TPA that does not, is not a retailer --

REP. SAMPSON: Uh-huh.

ANDRE SANTAMARIA: -- you know, they hold your standard. They hold your feet to the fire.

LYNX Services, for example; when Allstate was in the program, they would survey your customers. If the customer called back the warranty issue, which was a loose molding, a windshield that leaked, you know, you -- you didn't provide the customer with your telephone number and they had to call back to check on the appointment, those would be points against you. And so many strikes, you would still be allowed to bill through them but you would not get rotation work. So that goes a long way in protecting the consumer, because the last thing you want to do is get kicked off from getting rotation work.

You know, what -- what's with -- with the company that we're addressing our bill, there's rumored -- and I think one of the members here -- there's a total outside company supposedly with warranty departments and they use company credit cards to pay. So it's tough when you're an, when you're a retailer, an administrator.

Because the role of administrator also takes care of warranty issues, so if you're a retailer and your company did a bad job, aren't you more going to sweep your company under the rug and call my company out when we do a bad job to say, look, this is why X company has to, you have to use us? Because, look, our ratio

is 95 percent customer satisfaction; when you go outside of Safelite, oh my God, there's all these F-rated shops that we heard about last year from -- from Attorney DiMasi. You know, he referred to family businesses as "F-rated shops." It was -- it wasn't, you know, very pleasant. There's a lot of these shops here are -- are bought or -- or is family owned, second and third generation.

There can't tell me out of 34 glass companies in the state of Connecticut, none of us qualify to meet the standard on the very last page where the -- the spokesman for Allstate Insurance -- and it's highlighted for you -- where he says if they should -- if the customer doesn't have a choice, they could provide in assisting a customer with a choice. You can't say the only shop in Connecticut that meets that criteria is Safelite Solutions. That's more of a disjustice than just giving out one name, and it -- it really is. I -- I mean, I've been in business for nine -- for -- for 25 years, and I have a lot of pride in my work. And I know I meet that criteria.

REP. SAMPSON: Understood.

Andre, I'm in a little bit of a disadvantage because we're supposed to be, you know, talking about the language that's before us.

ANDRE SANTAMARIA: Yes.

REP. SAMPSON: And what I'm trying to convey to you is that I understand your concerns completely, and some of this language I -- I -- I agree with. I think it makes perfect sense and I think that you and your fellow small glass shops should be able to compete on a level playing field. But I think that's what it ought to be. And I think that this section

that is in, I guess it's Section (2) that's added at the bottom, the one that requires, you know, the, a business to go ahead and advertise another business I think is -- is taking a giant leap beyond that.

And I can understand your concerns with some of these things, and maybe there still should be some restrictions on what they're able to do. And I'd be more than happy to talk to you about that, but I think that when we start taking a step to say you need to be referring your customers not only to your own business but to another business too --

ANDRE SANTAMARIA: If I could respond to that? If their contract is to be an administrator, then they're not advertising for me; they're just doing the job that they're being paid for.

If their contract says, hey, if a customer has a choice, get out of the way; if not, you could funnel work to your sister company. Well, that's a whole different kind of contract and we need to see that, because I could see where you're coming, what -- what you're saying. They're not advertising for me by giving out my name, because they're being paid by the insurance company to be an administrator.

REP. SAMPSON: Right. But forgive me; you -- you started addressing my concerns from earlier by saying --

ANDRE SANTAMARIA: Yeah, I know.

REP. SAMPSON: Saying that you have a choice is not a choice unless you give one.

ANDRE SANTAMARIA: Well, they should --

REP. SAMPSON: And I think --

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ANDRE SANTAMARIA: -- give a choice.

REP. SAMPSON: -- that's in complete contrast to what you just told me.

ANDRE SANTAMARIA: No, it's not, because all the other administrators give out choices. That's their job, to find the company that could do the job for you as soon as possible. So, in other words, if Safelite Solutions can't do the job -- today's Monday -- until Friday, why can't they get on the phone and find another shop that could do it for you on Tuesday? Why is that advertising for you? That's no different than giving out a choice of three names in your ZIP code or a choice of two names in your ZIP code.

REP. SAMPSON: The difference is -- is whether the government is involved in telling a business that they have to do that; that's the difference.

ANDRE SANTAMARIA: Well --

REP. SAMPSON: Again, I don't want to take up the committee's time by going back and forth with you on this. I just want to let you know that I recognize --

ANDRE SANTAMARIA: (Inaudible.)

REP. SAMPSON: -- your concerns, a hundred percent.

ANDRE SANTAMARIA: I thank you.

REP. SAMPSON: I told you this last year.

ANDRE SANTAMARIA: Yes, (inaudible).

REP. SAMPSON: I'm with you guys. There's no more

pro-small business guy in this building than me, but I am pro-business, period. And I don't think that we should be giving anyone an advantage over anyone else, and I think that this language does.

REP. MEGNA: Thank you.

Representative Altobello.

REP. ALTOBELLO: Thank you, Mr. Chairman.

Good afternoon, Mr. Santamaria.

ANDRE SANTAMARIA: Thank you.

REP. ALTOBELLO: We have the benefit of having multiple testimonies in front of us, so I was reading ahead a little bit.

So if I bring my car to your shop, I've got a windshield problem, you then need to call somebody.

ANDRE SANTAMARIA: It varies. If you have a national --

REP. ALTOBELLO: Allstate.

ANDRE SANTAMARIA: Okay. I have to call Safelite Solutions, which they're going to answer the phone -- if you see in the very back, last page -- as --

REP. ALTOBELLO: Yeah.

ANDRE SANTAMARIA: -- Allstate Glass Express.

REP. ALTOBELLO: Okay, but --

ANDRE SANTAMARIA: For the glass express unit, which is answered by Safelite Solutions. And it's

belittling because the customer has to be in my shop. He has, even though he's in my shop, has to specify by name that they're going to use my shop. And then they're going to talk about either warranty or they're going to talk about if I'm not an in-network shop, they want me to get on the phone and agree to pricing. So it's every single company, except for State Farm, nationally. You have to talk to Safelite Solutions for me to get a referral number so I can get paid on a claim.

REP. ALTOBELLO: When I said "you get on the phone," I meant you, personally.

ANDRE SANTAMARIA: Me and the customer, because if the customer is on the phone with just Safelite Solutions, they will use manipulative ways, I guess --

REP. ALTOBELLO: Yeah. Okay.

ANDRE SANTAMARIA: -- to -- to try to get them out of my shop.

REP. ALTOBELLO: I come in next week and I've got a dented-in door, the same insurance company.

ANDRE SANTAMARIA: Okay.

REP. ALTOBELLO: How does that happen; can you call that into Allstate?

ANDRE SANTAMARIA: What do you mean; a -- a smashed door? No. No. I -- you have to call. They have to take the claim directly from you.

REP. ALTOBELLO: Okay.

ANDRE SANTAMARIA: Because they -- they -- they claim that they're trying to prevent fraud, which there might be some --

REP. ALTOBELLO: But they -- they take --

ANDRE SANTAMARIA: -- in all industry.

REP. ALTOBELLO: It's handled the same way; it would be?

ANDRE SANTAMARIA: If you come to my shop, you would, again, even though you're in my shop and you state that in the beginning of your conversation, they're going to ask you, "Are you choosing Auto Glass of" --

REP. ALTOBELLO: Yeah.

ANDRE SANTAMARIA: -- "New England?" And you have to say yes --

REP. ALTOBELLO: Okay, fine.

ANDRE SANTAMARIA: -- to them.

REP. ALTOBELLO: Thank you. Thank you, very much.

ANDRE SANTAMARIA: Yup.

REP. ALTOBELLO: Thank you, Mr. Chairman.

REP. MEGNA: Thank you.

Any other questions?

Thanks, a lot, Andre.

ANDRE SANTAMARIA: Thank you.

REP. MEGNA: Joe Negro.

JOSEPH NEGRO: Good afternoon, Representative Megna, HB 5072
Senator Crisco, members of the committee.

My name is Joseph Negro; I own the National Glass & Mirror Company, in Stratford, which is a business my family has owned since 1969.

I'm old enough to remember when we used to just deal with local agents, and I could send them a bill and I'd back from them a day or two later. And then networks came, and now we have the third-party administrator setup.

To maybe help answer your question, when somebody come -- calls Allstate, Safeco, almost everybody except State Farm, the phone is answered by the Safelite Solutions Company. And they say "GEICO Glass Service" or "Allstate Glass Service," whoever. As far as I know, they don't voluntarily refer work to anyone other than their own shop.

So as Andre was trying to say before, if someone calls on Monday and has a broken door glass in their car but Safelite can't do it until Friday, it's in Safelite's best interest to just set it up for Friday and let them wait; whereas if it was LYNX Services, who used to administer for Allstate, they would just move on to the next shop.

I had, I was a member or am a member of LYNX and did a lot of work for Allstate until January of last year when Safelite took it over and effectively just dried it up completely; we got no referrals, whatsoever.

So I think it's a consumer problem, too. I mean, you pay for your insurance. You have a legitimate claim, and sometimes Safelite doesn't, you know, fulfill their obligation as well as they could, I believe.

Even for established customers that I already have, because in my shop we do work other than

just automotive, so I may have a remodeling company or somebody like that, and if they need glass replaced in their car and it's a claim, I can't call the claim in for them like I used to do. I have to have them go through any competitor, which is Safelite. And it creates a barrier.

Normally, I can overcome it by coaching them when they call or being there when they call. I cannot call it in myself. And the ones that maybe call their insurance company before they call me, I just never see.

So I would urge you to support 5072 because I think it will help a lot of small companies survive.

REP. MEGNA: Thank you, very much.

Are there any questions?

Representative Sampson.

REP. SAMPSON: Thank you, Mr. Chair.

I don't want to bring us back to you, but the whole thing, again, really what I want you guys to do is please take a look at that Section (2); understand my concern about it.

The things that you just mentioned all make perfect sense to me. I think that if we find a way to make on the front end of this transaction the consumer aware of their real choice and what they can do and possibly prohibit a TPA from taking advantage of their situation, I -- I'd be interesting in looking at that as a possibility.

JOSEPH NEGRO: Well, let -- let me explain it this way: It used to be with Allstate, anybody who

wanted to be on their list to do repair work, as long as they agreed to the pricing, the warranty, and everything else was fine. Safelite was one of those companies, and they were normally at the top of the list because they marketed more and they, you know, a bigger company with more locations. But they did -- you just went down the list.

Now Safelite answers the phone; you know, they're -- they're getting paid to administer the claims and then they're getting paid to do the work as well. And it's just, to me, a case of they'd be kind of silly to do otherwise.

REP. SAMPSON: Understood. And I'm, I am not going to say that's right or wrong, too, but it currently, that's legal. And I don't have a proposed bill that says that they can't do that.

JOSEPH NEGRO: I would say that --

REP. SAMPSON: Maybe I should.

JOSEPH NEGRO: -- you -- you --

REP. SAMPSON: I don't know.

JOSEPH NEGRO: There is legislation against steering in the state, and I would say that they're certainly violating the spirit if not the letter.

REP. SAMPSON: Well, you know, this -- this is my issue with this entire, proposed bill, that these, it's -- it's steering. The bill is steering. Section (2) says we are going to require one business to send business to another business; that's what Section (2) says. And that -- that is the unequivocal definition of steering, and that's why I have an issue

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with it. And I would love to help you guys.
I -- I'm begging you; write some language
that --

JOSEPH NEGRO: How about --

REP. SAMPSON: -- makes sense --

JOSEPH NEGRO: -- if the TPA --

REP. SAMPSON: -- that's --

JOSEPH NEGRO: -- can't give out any names,
including its own?

REP. SAMPSON: Okay. Well, we can talk about it.

JOSEPH NEGRO: Because I think we would all be very
happy with that.

Thank you.

REP. SAMPSON: Thank you.

REP. MEGNA: Thank you.

Are there any other questions? No.

Thank you.

Mrs. Santamaria.

ROSEANN SANTAMARIA: Thank you, Senator Crisco,
Representative Megna, and the committee. I am
speaking in support of House Bill 5072. I
would like to thank you for raising -- raising
the bill.

When there are no regulations for large
corporations, it allows them to create a
monopoly. We feel, as small business owners,
that Belron International has created a

monopoly or, at the very least, is attempting to create a monopoly in the auto glass industry with all the glass companies they own in the United States, the largest one being Safelite AutoGlass and its sister company, Safelite Solutions.

Safelite Solutions is a third-party administrator for insurance companies who are filing auto glass claims. Safelite Solutions, by their own words, has a hundred or more insurance companies under contract, and 19 of them are within the top 20 in the country that write personal and commercial auto loans.

Safelite Solutions only refers to one company, which happens to be its sister company, Safelite AutoGlass. They are able to do this through creative and manipulative speeches to the insured in an attempt to steer work to their sister company.

When the customer does not want to use Safelite AutoGlass, they will not be given another name and advises the customer to look for another shop and to call back to finish their claim. A choice is not given and a, and a -- customers need to be given a choice.

They are going to say that they are doing nothing wrong by doing this and that all of us small, independent glass shops are just complaining. The truth is by their practices they are restricting the way we can do business, because most of the insurance companies that they are under, contract with, are demanding that their agents give the 800 number for Safelite Solutions and not independent glass shops. This is true for their sales force which goes into agencies and tells the agent that they must give out the 800 number to their clients.

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When we do get a client through Yellow Pages, Internet, walk-ins, et cetera, we still have to call the claim in to Safelite Solutions with the customer on the phone and stay on the phone, because we risk the chance of them stealing the job away from us and to their sister company, Safelite AutoGlass.

They're going to say that if any action is taken by this committee in helping us, it will cause them to reduce staff. We as small businesses are saying that if no action is taken, we are going to lose our businesses.

We thank you last year for your support and we are asking for your support again for House Bill 5072.

REP. MEGNA: Thank you, very much.

Are there any questions? No.

Representative Yaccarino.

REP. YACCARINO: One quick question, two, maybe a couple questions.

Thank you for your testimony.

ROSEANN SANTAMARIA: You're welcome.

REP. YACCARINO: And I walked in a little late, but Safe -- Safelite, how do they get in the position where they're in the head of a, the head of the line, you know, now? I mean, how --

ROSEANN SANTAMARIA: They're --

REP. YACCARINO: It happened over the last 20 years; correct?

ROSEANN SANTAMARIA: Correct, and with them having, let's say the mother company, Belron International, and then underneath them it's Safelite, and underneath them is Safelite Solutions. If you were, if you as a TPA is Safelite Solutions and you have a retail store who does glass installation, you're going to funnel your work to them.

REP. YACCARINO: To me, it's collusion, and it's no different in baseball and being in collusive of how pay a player. I'm -- I'm supporting your side, it's just that I'd like to see a more fair playing field for both Safelite and mainly the mom and pops.

ROSEANN SANTAMARIA: Yeah. We're --

REP. YACCARINO: So --

ROSEANN SANTAMARIA: We are losing.

REP. YACCARINO: -- I would like to see a solution where it's either if you're in the ZIP code area you would -- they would -- you'd call your insurance company and they would direct you to your closest body shop. That's the most sensible solution.

ROSEANN SANTAMARIA: I've had customers call that have actually said -- and Joe touched on it before -- they've had to wait three days or four days for a door glass. And they call me up, and they're, like, when can you do it? And I'm like, you know, the next day. And we have to call them back and tell them that, you know, the customer came to us and said --

REP. YACCARINO: To me, the consumer rights are the most important. And that's your money. It's your insurance. You should go wherever you

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want to go, but you shouldn't be directed to somebody where a different town and different part of the state. You should be able, be directed, I believe, to your ZIP code, close to --

ROSEANN SANTAMARIA: The close --

REP. YACCARINO: The close shop. So we could possibly work on that. To me, it's collusion the other way. So that's okay.

ROSEANN SANTAMARIA: Well, the -- the majority of all of us who do glass installations on mobile service, anyway, so we cover the entire state.

REP. YACCARINO: And most of the mom-and-pop shops, the glass is Connecticut, it's all from Connecticut, all Connecticut jobs.

ROSEANN SANTAMARIA: Uh-huh; all Connecticut jobs.

REP. YACCARINO: So it's --

ROSEANN SANTAMARIA: Correct.

REP. YACCARINO: Thank you.

REP. MEGNA: Thank you.

Thank you, Representative.

Any other questions?

Thank you, very much.

ROSEANN SANTAMARIA: Thank you.

REP. MEGNA: Eric Dill.

ERIC R. DILL: Ladies and gentlemen of the committee, thank you for having us here today

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and your continued work on House Bill 5072, this year and last year. I'm here to support the bill. I've been an employee of Whalley Glass for 26 years, in New Haven.

And I'm just going to go through a couple things, really quick, as clearly as possible, so no one gets more confused than they are, about how Safelite's business profile and their practices are adversely affecting us as small businessmen.

Their business profile, they're a third-party administrator, have we -- as we've heard, for about 90 percent of the largest auto writers in the U.S., GEICO, Progressive, Nationwide, Allstate, you know, it goes on. They're a national installer, as we know. They're a glass manufacturer, as we know. And they've been recently been doing in the last number of years, they've bought their largest national competitor, Diamond Triumph out of bankruptcy; so their largest national competitor is gone.

And I don't know if any of you, anyone here, Red Sox fans, but if you've noticed that Giant Glass placard on Fenway Park, they recently bought Giant Glass, which was a mean-sized, regional shop up in the Massachusetts area; so they're gone now. And that's been a continuing trend. They've been buying people up in Pennsylvania and, you know, other areas.

Some of their business practices, as we know, if you call GEICO, Allstate, whatever insurance company it is, you're calling Safelite Solutions. And even if you have another shop in mind, Safelite Solutions, they're going to have, you know, difficulty finding your network. I'm -- I'm in the network; I've been in the network for many years now. They always have problems finding our names in the shop.

If you persist, they usually cite some sort of warranty problems that could occur if you use another shop, you know, other than their own or out-of-pocket expenses. And it's just a barrier for us of doing business, even if we have people, you know, that want to go to us.

And another disturbing thing is the advent of on-line scheduling or e-scheduling. If you, if you don't, you know, have a choice, you're automatically scheduled to Safelite. And, you know, that's very scary for us. We're not national firms. We don't, you know, have the ability to, you know, e-schedule people, you know, on-line like they do. And -- and it's really cutting, you know, into our business and it's -- it's -- it's unregulated. And it's just very difficult to do.

And, you know, I -- I really, you know, we really need action right now. When I first started at Whalley Glass, we had six vans that went out every day and two men in the shop doing auto glass. I'm down to two guys on the road, and I have a floater going back between our Flat Glass department and our Auto Glass department. That's how I've been, you know, affected over these last 10 or 15 years; you know? And it's -- it's heartbreaking when you have to let guys go --

REP. MEGNA: Yeah.

ERIC R. DILL: -- who need a job.

REP. MEGNA: Thank you.

ERIC R. DILL: Appreciate it.

REP. MEGNA: Thank you for testifying.

You have a couple of really good advocates down

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there --

ERIC R. DILL: Yeah.

REP. MEGNA: -- Representative Dillon and Senator Looney. In fact, Representative Dillon was talking about your property taxes --

ERIC R. DILL: Uh-huh.

REP. MEGNA: -- as an issue for -- in New Haven.

Are there any questions?

Representative Sampson.

REP. SAMPSON: Thank you, Mr. Chair.

I'll try and be brief. Eric --

ERIC R. DILL: Yeah; no problem.

REP. SAMPSON: -- thank you for being here. I'm sure you were in here for the -- the previous --

ERIC R. DILL: Yes. Yes. Yeah.

REP. SAMPSON: -- exchanges. And, you know, I -- I heard your testimony --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- and it was very similar to everybody else's --

ERIC R. DILL: Yes.

REP. SAMPSON: -- testimony. It lays out the problem.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: And I completely get the --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- the problem. I -- I'm here saying
I want to help.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: But what we're supposed to be doing
is talking about this proposed bill --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- and why you're in favor of this --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- proposed bill, what it does --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- and how it's going to help you.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: And I would like your input on -- on
how you think this particular language is going
to change the situation so it's going to
benefit you.

ERIC R. DILL: Well, it's very confusing when you
have any customer call the Safelite program,
because, first of all, they think they're
talking to their insurance companies. That's
the -- that's the major problem.

And if they're just kind of funneled to a shop,
you know, that's just --

REP. SAMPSON: Eric --

ERIC R. DILL: Yeah.

REP. SAMPSON: -- again, it's my understanding --

ERIC R. DILL: Uh-huh. Yes.

REP. SAMPSON: -- that -- that would be against the
law.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: That they cannot be just funneled.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: The -- the consumer --

ERIC R. DILL: Yeah.

REP. SAMPSON: -- has to be told that --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- they have a choice.

ERIC R. DILL: Yeah.

REP. SAMPSON: So, again, I asked this question
before.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: I mean is there evidence that people
are not being told this?

ERIC R. DILL: Not being told that there's a, you
know --

REP. SAMPSON: That they --

ERIC R. DILL: -- a choice --

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REP. SAMPSON: -- have a choice.

ERIC R. DILL: -- where you can go to the shop?
Yeah, I believe so. Yeah.

REP. SAMPSON: Okay.

ERIC R. DILL: I believe --

REP. SAMPSON: All right.

ERIC R. DILL: -- so.

REP. SAMPSON: I -- I --

ERIC R. DILL: And I -- I've lost jobs that way.

REP. SAMPSON: Is there any record of complaints to
the Insurance Department of these -- these
people not or the TPAs not doing that?

ERIC R. DILL: Well, you know, here's another thing;
when you call, in -- in fact, I think there has
been complaints, yes. But -- and when we've,
we came back, when we were here last year, what
we heard was that, well, you know, we don't --
we haven't heard. In fact, we met with the
Attorney General last year, and he said, Well,
we haven't heard, you know, many complaints.

Now, the problem is is that if you are
complaining, who are you calling? You know,
are you Googling a number for USAA in
Fredericksburg, Virginia and -- and, you know,
shooting an e-mail down there; listen, this is
what's going on or are you calling the
third-party administrator who a lot of people
think the insurance companies are? Are you
calling them to complain? You know, I don't
know. I don't know how much, you know,
complaints are being --

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REP. SAMPSON: (Inaudible.)

ERIC R. DILL: -- kind of masked. I -- I'm not quite sure.

REP. SAMPSON: Understood. And so -- so we don't really know how many --

ERIC R. DILL: No.

REP. SAMPSON: -- complaints there are into --

ERIC R. DILL: No.

REP. SAMPSON: -- the insurance department representatives. I mean, have -- have --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- you filed a complaint, for instance, so you have an example, possibly? It sounds to me like all you guys have examples of where --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- the TPA took advantage and they funneled business away from your shops --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- by means that are beyond the law.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: That's -- that's what I keep hearing.

ERIC R. DILL: Yeah. Yeah.

REP. SAMPSON: So have you guys made complaints?

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ERIC R. DILL: I haven't made one this year, no.

REP. SAMPSON: All right.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: The -- the -- the -- the -- seems to
me this is --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- the -- the duty and
responsibility --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- of our Insurance Department --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- is to --

ERIC R. DILL: Hopefully, yeah.

REP. SAMPSON: -- regulate and to make sure that the
current law --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- is followed.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: And, I mean, again, with the proposed
language, the Section (d)(1), I think, is -- it
makes perfect sense to me. You're -- you're
just adding another layer of informing the
consumer --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- that they do have options --

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ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- and so forth. And I think that on the front end of the transaction, this makes perfect sense.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: It does do exactly what -- what I've heard everyone claims to --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- want to hear, which is to create a level playing field --

ERIC R. DILL: Yeah.

REP. SAMPSON: -- and give you --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- guys a fair shot.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: My objection to it is when we come to Section (2).

ERIC R. DILL: Uh-huh.

REP. SAMPSON: And I will, I'm -- I'm hopeful that, you know, they'll -- they'll be some serious thought put into --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- whether or not we want to advocate for a situation where the government is basically advocating steering.

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ERIC R. DILL: Uh-huh.

REP. SAMPSON: Because, you know, Andre was here; he testified.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: Suppose he cuts the deal with Safelite to -- to refer him. Now, what about -- what's your business, Whitney [sic] Auto Glass? Well, where are you then?

ERIC R. DILL: Uh-huh. Well, you have to remember, we're all subcontractors for Safelite. Essentially, that's what we are. You know, that's, you know, essentially.

And -- and you know the reason why Safelite is buying up a lot of these shops is that they're not buying up books of business. They're not buying Giant Glass's book of business in -- in Massachusetts, because they already have a self-contained book of business. They're buying out their subcontractors.

REP. SAMPSON: Understood.

ERIC R. DILL: That's essentially what they're doing.

REP. SAMPSON: Yeah. I -- I mean, as unfortunate as it seems to me --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- I mean, they -- and -- and not respecting any --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- anything, and I --

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ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- I mean, I'm certainly not accusing them; I'm only listening to people --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- saying that they're -- they're -- they're going beyond the law.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: It sounds to me like their business model is very effective --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- by doing what they're doing. And I don't think it's operating outside the law as it is --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- except in the circumstances that have been alleged.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: And I would personally suggest that that's -- you have the means via the Insurance Department to --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- come make complaints and --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- find a way to make sure that the file, that the -- the lawful regulations --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- occur.

And as far as legislation goes, I think it's a good idea, but it should not have consequences which are contrary to the benefit of even your own businesses.

ERIC R. DILL: Uh-huh.

REP. SAMPSON: Because I think when you start doing this and getting the government involved in directing where business goes --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- you could be on the short end of that stick --

ERIC R. DILL: Uh-huh.

REP. SAMPSON: -- just as easily. That's my two cents.

ERIC R. DILL: Okay.

REP. MEGNA: Thank you.

You should have a good business idea. You guys could probably -- should probably start your own TPA, as you become organized; you know?

Are there any other questions? No.

Thank you, very much.

ERIC R. DILL: Thank you.

REP. MEGNA: Now we'll hear the other side of the story.

Scot Zajic.

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SCOT ZAJIC: Zajic.

REP. MEGNA: Zajic. And you're -- you're coming up with a Robert Roveto?

A VOICE: Roveto, yes.

REP. MEGNA: Oh, Roveto? Okay.

A VOICE: Do you mind if I (inaudible)?

REP. MEGNA: No. You -- you only have three minutes between the two of you, so not much.

A VOICE: I know.

REP. MEGNA: I'm only kidding.

SCOT ZAJIC: Chairman Crisco, Chairman Megna, all the members of the committee, my name is Scot Zajic, Vice President, Legislative Affairs, representing Safelite, out of Columbus.

I'm also pleased to have Robert Roveto with me, a Regional Sales Manager for Safelite, and Robert is also one of our 107 Connecticut-based employees. And Rob will be available to answer some questions any may have, following my brief comments.

We've heard a lot about Safelite. So I've submitted my testimony, so I'll go into my points. First and foremost, Safelite honors consumer choice and preference. That is the baseline for our organization.

We do have concerns with Bill 5072, specifically Subsection (2), which would require a company like Safelite to recommend one competitor shop when making a recommendation to a customer who does not have

a vehicle glass stop preference.

We've heard the arguments. It puts government in a position of picking winners and losers. It penalizes companies that have made a significant investment into a third-party model that is driven to reduce the cost of insurance and also drive customer satisfaction in the market.

There are no customer complaints about the way we do business today. Customers are overly satisfied. We do, however, feel like changes in the trends in the market have aligned certain competitors to blame Safelite for what's happening in this market. And we've seen this over the course of the last five years.

But first and foremost, Safelite's overall market share in Connecticut maxes out at 18 percent. In 2012, Safelite sales dropped 20 percent in Connecticut, while its affiliate networks' marketing raised 11 percent. So it is unfounded, the accusations that we are stealing business or steering business when you look at the data.

Any accusations that arise today or in the future, we ask for a date and time, because we record every call, and we'd like to bring those forward so we could have a reasonable discussion.

Like I mentioned, over the last five years, the vehicle glass repair and replacement industry has seen a lot of changes and challenges and a decline in the overall claims' volume. This has been driven by the economy, by the weather -- but I say that with due respect with last night's wind that almost blew me back to Columbus -- fewer miles driven by consumers.

There's a new, direct-to-consumer marketing trend which is impacting the volume of claims in the market, and we also have a new group called "harvesters," which are cherry picking business from many of the people you hear today.

Harvesters are known companies that use aggressive market tactics, coercion, inducement to get customers to file claims. As many as 65 to 75 percent of these claims are viewed as fraudulent. Harvester activity in Connecticut has risen from 25 known claims in 2010 to over 11,000 combined between 2011 and 2012. This trend will continue until this body can enact consumer protection provisions like other states have considered and already have enacted.

Safelite has offered language to this committee that would, in our mind, address harvesters and increase fraudulent -- and the increased fraudulent activity in the market. We also feel this, these reforms would redirect legitimate claims back into the market to the traditional VGR or a vehicle glass repair and replacement market and make it a win-win for all glass shops, whether they're affiliate of our network or they're a nonaffiliate, whether they're large or small.

I end with just saying that we're committed to working with this group to address the concerns of our competitors and the concerns of this legislative body.

REP. MEGNA: Thank you.

Before you mentioned that 18 percent of glass, auto glass business in Connecticut --

SCOT ZAJIC: Yes.

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REP. MEGNA: -- you get? How do establish that figure; where do you get that from?

SCOT ZAJIC: It's an estimate because we don't have access to all the marketing that competitors do across the board, but our folks came up --

REP. MEGNA: Could it --

SCOT ZAJIC: -- with that number.

REP. MEGNA: What -- what -- what was the, if you don't mind me asking, what was the gross revenue for Connecticut for 2012?

SCOT ZAJIC: I -- I don't have that.

REP. MEGNA: Don't know (inaudible).

SCOT ZAJIC: I can get it for you.

REP. MEGNA: But you're pretty confident that 18 percent of the auto glass; that's insured?

SCOT ZAJIC: That's total. That's our total --

REP. MEGNA: -- auto glass --

SCOT ZAJIC: -- (inaudible) the business. All (inaudible) --

REP. MEGNA: Say, for 2012 or period? You do 18 percent of it --

SCOT ZAJIC: As of --

REP. MEGNA: -- Safelite?

SCOT ZAJIC: As of, as of last year.

REP. MEGNA: Okay. All right. And, well, that's a

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pretty good market share, I would imagine, when I hear all these different. I mean, how many, how many installers does Safelite have in Connecticut?

SCOT ZAJIC: A hundred and seven employees.

ROBERT ROVETO: From --

SCOT ZAJIC: Ninety-two?

ROBERT ROVETO: From -- I'm going to say closer, like, in Connecticut, probably 50.

REP. MEGNA: Yeah. And you're also the, you're the TPA. You're the installer, and you're the manufacturer of the glass?

SCOT ZAJIC: And import glass as well.

REP. MEGNA: And import glass?

SCOT ZAJIC: Yeah.

REP. MEGNA: Oh.

SCOT ZAJIC: We manufacture less than 20 percent of the glass that we sell in the market.

REP. MEGNA: You manufacture less than 20 percent --

SCOT ZAJIC: Yes.

REP. MEGNA: -- of what you install?

SCOT ZAJIC: So we're -- we're importing glass as well --

REP. MEGNA: Yeah.

SCOT ZAJIC: -- and making it available in the market.

REP. MEGNA: Yeah. Okay.

SCOT ZAJIC: As a matter of fact, we purchase from a gentleman who testified earlier.

REP. MEGNA: You know, all through, when I hear about this issue over the last few years, a lot of the installers send me proposed laws from probably at least half a dozen states, all kind of trying to get a grasp on this -- this issue, this same issue of seeing the TPA being the installer, more so the TPA being installer rather than the TPA being the installer and the importer or manufacturer of the glass. So is it not, it's not an issue that you -- the relationship as, of Safelite being the TPA and the installer, in your eyes?

SCOT ZAJIC: No, it's not.

REP. MEGNA: Even in view of all, what seems like many, many installers around the country screaming about this?

SCOT ZAJIC: Well, and as I testified to, I think there are other variables involved in this market that lead others to target Safelite, itself, as the cause of the downturn in this market.

REP. MEGNA: What -- what -- do you know if any of your (inaudible) -- I heard testimony earlier that one other TPA also has an affiliate, affiliated installer? Yeah.

SCOT ZAJIC: I believe that's J. N. Phillips?

ROBERT ROVETO: Yeah, it's TeleGlass.

REP. MEGNA: Yeah, okay.

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ROBERT ROVETO: Yeah.

REP. MEGNA: Yeah. Eighteen percent of the -- the auto glass claims' business, does that go across the country or is that just here in Connecticut?

SCOT ZAJIC: That was in Connecticut.

REP. MEGNA: Yeah. Is there -- what -- is there other states where that percent is much higher?

SCOT ZAJIC: I believe so.

REP. MEGNA: Yeah. How much higher? What did -- what state do you have --

SCOT ZAJIC: Well --

REP. MEGNA: What's the largest amount of market share you have in a state?

SCOT ZAJIC: I -- I couldn't --

REP. MEGNA: Yeah.

SCOT ZAJIC: -- tell you, off the top --

REP. MEGNA: Okay.

SCOT ZAJIC: -- of my head. I could --

REP. MEGNA: I'm just curious.

SCOT ZAJIC: I could get it for you.

REP. MEGNA: Okay.

SCOT ZAJIC: Be more than happy.

REP. MEGNA: I'm just curious. But --

SCOT ZAJIC: I think we look at twenty --

ROBERT ROVETO: Twenty-six.

SCOT ZAJIC: Twenty-six percent.

ROBERT ROVETO: (Inaudible.)

REP. MEGNA: Twenty-six percent? All right; okay.

Thank you.

Representative Sampson.

REP. SAMPSON: Thank you, Mr. Chair.

Thank you for coming today, Scot.

I -- I want to follow up on this 18 percent, too. It doesn't sound to me like we have any concrete numbers on where that came from, but I -- I would like them, very much.

SCOT ZAJIC: Okay.

REP. SAMPSON: Because I think that that is the -- the crux of this problem is that there is a perception that Safelite is becoming a monopoly in the driving out smaller competitors. And I think that if you can show data that you're only taking up 18 percent of the market share, I think that might dispel some of those concerns.

Looking at the -- the testimony of some of the small glass shops, I mean, I would say that I've got some concern if these, documentation is accurate about how people and consumers are being treated, whether or not they're actually given the choice necessary.

I don't, I don't know if you have a response.

Have you looked at the testimony? Have you seen some of this, you know, conversations and --

SCOT ZAJIC: I -- and I've listened. I haven't read the testimony but I've heard the complaints. And I would say that it's our experience as an organization, given -- let's see, I could go back and look at all the accusations -- but we do refer other shops when we are not able to fit the claim. That's standard practice.

We operate both an affiliate network, your nonaffiliate network, and when somebody chooses an affiliate network, the claim is processed. When someone chooses a nonaffiliate network, we do verify warranty. We verify price to protect the consumer, so they don't have an unexpected out-of-pocket expense, minimum, or they're getting a service that's not warranted, which it should be, on-line.

We -- we've heard GEICO. We, Safelite Solutions does not take or have a -- we don't take their calls, initially, so any claim there I think is mostly with the client and not with Safelite Solutions.

Also, at Safelite Solutions, we acknowledge the company. We acknowledge the insurance company. We acknowledge the relationship, and we acknowledge that they have a choice to choose. That's standard and we'd be more than happy to offer the scripts for the -- that are available. And it changes and varies by organization, per client, but I'd be more happy to make a -- a stock script available for you to -- to look at and review to get a better sense.

And I, as I also mentioned, we record every call. And when someone says that we're taking

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business from them --

REP. SAMPSON: Uh-huh.

SCOT ZAJIC: -- again, I would ask, ask them for a date and ask them for a time, and we would pull the call. And we'll listen to it together.

REP. SAMPSON: Understood.

With respect to proposed Bill 5072, you, from the outset, you -- you said you were opposed to it. Is there any part of this bill that you find acceptable or what's most objectionable on it?

SCOT ZAJIC: We're not opposed to the bill, we're, we have concerns with (d)(2). I think it's (d)(2); we probably misreferenced it, but --

ROBERT ROVETO: (Inaudible.)

SCOT ZAJIC: -- the section you had brought forward that we would be required to offer an additional shop.

REP. SAMPSON: And -- and what is the objection to that?

SCOT ZAJIC: As I stated, it puts a government in position of picking winners and losers in a system where there are no consumer complaints, whatsoever. It penalizes an organization which has made a significant investment for marketing purposes, and it puts them in a position where they're marketing for another organization.

You know, so we just haven't heard the consumer complaints. We think there are other variables that contribute to the downsize of the market, and we think two of those variables can be addressed.

I would also -- which would be harvesters, which we feel that can kick legitimate claims back that would benefit everybody in this room in a win-win situation.

And I would also add, you know, I heard testimony that the TPA model is here to stay, and I will challenge that statement. Through technology and this new, direct-to-consumer marketing, our, the TPA model is being bypassed.

So I think that there are legitimate concerns about what's transpiring in the market, and we want to correct specifically unscrupulous activity --

ROBERT ROVETO: Right.

SCOT ZAJIC: -- and redirect claims to all involved today.

REP. SAMPSON: I'll -- I'll just share with you that I need to do my own homework on, you know, what exactly anti-steering laws exist in our state. And just -- just I need to keep that in mind and then take a look at some of this, the claims made by some of the other folks that have testified about Safelite's business practices.

But as far as steering goes, do you, do you see that that could be a legitimate concern from some of these folks, based on the idea that during a conversation with Safelite acting as a TPA that they end up volunteering Safelite AutoGlass to make the repair and no one else?

SCOT ZAJIC: But we, this market exists on preference and nonprevalence. And if a customer has preference, we honor those, as I

mentioned in the onset of my testimony. So if someone calls and they want Representative Sampson Glass Company --

REP. SAMPSON: Uh-huh.

SCOT ZAJIC: -- we let them go to that glass company, albeit if you're out of network we want to warn them and be fair that they should look at warranty and they should look at price so they don't have any negative impact of dealing with a shop that would be out of network.

If it's not nonpreference, we, if available, we will recommend Safelite.

REP. SAMPSON: Does Safelite when mentioning another company's warranty information get into specifics about how their warranty differs from --

SCOT ZAJIC: No. We do not discuss the specifics of anybody's warranty. We do recommend to the consumer that they check with the glass shop, make sure that there is a warranty.

REP. SAMPSON: Understood. Okay. Thank you.

REP. MEGNA: Thank you.

Any other questions?

Oh, Representative Yaccarino.

REP. YACCARINO: Thank you.

Thank you for your testimony.

When I call my -- your -- my insurance company for a claim, I'm directly -- direct -- I'm directly directed to Safelite; is that correct?

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SCOT ZAJIC: It depends on which company you're with.

REP. YACCARINO: I have --

SCOT ZAJIC: (Inaudible) --

REP. YACCARINO: -- Hanover.

SCOT ZAJIC: -- (inaudible).

REP. YACCARINO: Hanover Insurance.

A VOICE: Which is (inaudible).

REP. YACCARINO: Right. So if I called for a glass claim, I would go to Safelite, most likely; right?

SCOT ZAJIC: You would be directed, I believe. I -- I'm not familiar with Hanover's contract with us, but typically you would be directed --

REP. YACCARINO: Yeah.

SCOT ZAJIC: -- to Safelite Solutions.

REP. YACCARINO: See, my -- my only, my gripe with this is that I shouldn't be directed to Safelite. I should be directed to the -- the closest, the nearest ZIP code, my local body shop. That's my take on it; I think that's best practices. It makes no sense to be directed to one company.

Now I know you said you had 18 percent of this market share, but it -- it -- it just seems hard when so many people, I would say 90 percent of the population is being directed to Safelite. I don't have those numbers, obviously, but it's got to be a high number, a

high percentage. Is that correct?

SCOT ZAJIC: With the -- I mean, it's case by case; it depends. Again, this market runs on preference, so --

REP. YACCARINO: Right.

SCOT ZAJIC: -- there was testimony that we have a sales force; we do. Others have sales forces, too; they work with insurance agents and try to drum up business and brand themselves in the market. It's a very competitive market.

REP. YACCARINO: But to me, the two conflicts are I'm directed directly to Safelite, and Safelite is a TPA; to me, that's the biggest, two biggest conflicts in -- in my estimation. And it makes an unfair playing field for the local body shops, not that they should be getting anything special, but it should be an even playing field.

And then whatever -- whoever has the best business practices, the best price, and the best service, that's -- that's the nature of business. But it's really not that way right now because Safelite is getting most of the calls. Fair or unfair, that's the way it is.

SCOT ZAJIC: I mean, I -- I hear what you're saying, and I would say it's fair because we earned the right to market in the manner which we have.

Second, when you start opening up the -- the offers to random shops, you lose certain pricing and warranty, and you've exposed the consumer to uncontrolled, potential --

REP. YACCARINO: But --

SCOT ZAJIC: -- (inaudible).

REP. YACCARINO: I get that.

But consumer, a -- a body shop, an auto body shop, they have to go, abide by certain guidelines, and if -- if you want to be in that board for -- it's like in the towing business, the state police. You have to -- to be on that rotation, you have to meet certain qualifications; it should be no different in the body shops. If you meet those qualifications, you should all be in that -- that rotation. To have one company, it's just --

SCOT ZAJIC: Well --

REP. YACCARINO: To me, it's -- I'm not a -- I'm not thinking that the company [sic] should get involved in certain things, but when it comes to commerce, government should get involved in certain things. There's that, there's a reason for that and going back to our Constitution. There's certain things you have to be careful with in commerce; when you steer to one, when you steer one direction, to me, that's not fair business practices.

That's just my take. I'd like to do more research, like Rob said, on the matter, but when you're directed to one company, to me, that's unfair business practices.

Appreciate (inaudible). Thank you.

REP. MEGNA: Thank you.

And I just want to clarify it. The issue here is referral to people in your network, not random shops like the other TPAs do, three names or two names or more than one name.

It's difficult to think that there's not a financial interest in the TPA to use the affiliate. You know, I mean, you earn your -- your -- your holding company earns more money, correct, if the Safelite installer has been used. Is that correct or do you earn the same profit off of a, the independent shop? I would think not. I mean, I don't know; tell me.

ROBERT ROVETO: Not necessarily. You know, one of the things that you mentioned was about the TPAs, the other TPAs that you mentioned. And we glass shops have to agree to their pricing too. You know, it's not just on these --

REP. MEGNA: No, I understand all that.

ROBERT ROVETO: Right; okay.

REP. MEGNA: I understand all that, yeah. Yeah. I mean, they operate essentially the same. But I don't, but we're not receiving complaints about those TPAs. And I'm hearing that they have a pretty reasonable, competitive rotation or system where we have a shot at the work. I'm hearing that with this TPA, it's not, it's not like that. It's just, you know, try to get -- try to get the glass work to one of our own installers. That's what I'm hearing.

SCOT ZAJIC: And the one thing I can't determine is who testified, who's in the network and who's out. So we have 69 shops --

REP. MEGNA: Yeah.

SCOT ZAJIC: -- independent shops (inaudible) and (inaudible), and their business went up 11 percent.

REP. MEGNA: Yeah.

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SCOT ZAJIC: Ours went down. So I think that the accusations that are made that we're driving business back to us, I would consider that data that comes with compounding.

REP. MEGNA: Yeah.

SCOT ZAJIC: But, again --

REP. MEGNA: Why --

SCOT ZAJIC: -- you know --

REP. MEGNA: Have you ever considered giving three names out, like this LYNX or these other companies? No?

SCOT ZAJIC: I -- I just --

REP. MEGNA: You don't -- you don't believe that?

SCOT ZAJIC: My position on that is the TPA model is very effective, and they're going to band together and fight us, fight us anyway. Start your own TPA business.

REP. MEGNA: Wait; I'm sorry. You mean -- but the TPA is independent of the installers; right? The other TPAs, they don't have an economic interest in -- in the installer.

SCOT ZAJIC: Just --

REP. MEGNA: I'm -- what --

SCOT ZAJIC: -- TeleGlass.

REP. MEGNA: And aside from fees or something like that, do some of them charge fees to be part of their network or -- oh, well, you -- you might not know about the -- the business of other TPAs.

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All right. Okay. I thank you. I'm --

SCOT ZAJIC: No.

REP. MEGNA: I'm sorry to --

SCOT ZAJIC: No, I just take a look at issues on driving the models are customer satisfaction. I mean, we don't pick and choose how and what insurance companies choose us over another TPA.

REP. MEGNA: But you would get the same customer satisfaction of the other people that you've in your network; right? Customer satisfaction, and you guaranty it by having Payless Auto and -- and other installers; that's how you would control customer satisfaction. Correct?

SCOT ZAJIC: I didn't come and (inaudible) them.

REP. MEGNA: Yeah. Yeah; okay, I think. Okay.

Thank you, very much.

Any other questions? No.

Thank you, very much.

SCOT ZAJIC: Thank you.

REP. MEGNA: Mr. Kehmna.

Now, you're -- you're for the bill, Bob or against?

ROBERT A. KEHMNA: Let me think.

I thank you, Mr. Chairman, Senator Crisco, members of the committee. My name is Bob Kehmna from the Insurance Association of

HB5072
HB5073

Connecticut. I'm here today to speak on 5072 and 5073, which, as you've heard, both involve glass repair issues.

Existing Connecticut law provides that an insured cannot be required to use a specific glass repair shop for replacement or repair services, and insurers fully inform their insureds of that right.

Statistically, the most likely connection or -- or contact between an insurer and its insureds is actually a glass claim. It tends to be a high-volume, relatively low-dollar event. The -- some insurers have set up special processing procedures for the glass claims in order to reduce consumer hassle and improve the experience for them. That may involve, as you've heard, third-party administrators. Those third-party administrators fully inform the insured of their right to choose a glass shop where the glass, damaged glass will be repaired or replaced.

The third-party administrator may also explain the benefits of using a network shop as a repair option. And as you've also heard, those networks involve independent glass shops; they are members, participants in that, in that network.

Consumers are clearly exercising their right to choose. The Insurance Department simply does not have complaints from the public on glass-steering issues. It's so infrequent over the years, over the many years of the statutory prohibition that they haven't even established a computer code to track those complaints.

I did check with the department, and they did receive one glass claim since we visited this issue last session. And if I understood

correctly, it wasn't involving a steering complaint.

Consumer satisfaction surveys conducted by insurers in Connecticut and across the country have shown that consumers appreciate the efficiencies and quality of work that result from these glass-repair and replacement arrangements.

We would respectfully submit that no action should be taken on these two bills. I'd welcome any questions.

REP. MEGNA: Thank you, Bob.

Are there any questions?

Thank you, very much.

ROBERT A. KEHMNA: Thank you.

REP. MEGNA: 5925; Susan Giacalone.

SUSAN D. GIACALONE: Good afternoon, Representative Megna, Senator Crisco, and members of the Insurance and Real Estate Committee. For the record, my name is Susan Giacalone, and I'm here on behalf of the Insurance Association of Connecticut.

I want to thank you for raising 5925, AN ACT CONCERNING THE CONFIDENTIALITY OF UNDERWRITING GUIDELINES, which is in a bill that you have seen in the past. What this bill seeks to do is to protect the underwriting information as filed, required to be filed with the department, as a trade secret.

Connecticut's statute, insurance statute conflicts with the Trade Practices Act which, you know, protects trade secret.

REGARDING BILL # 5072

My name is Mark Vece; I am with Curved Glass Distributors. We are a family owned business with 2 wholesale locations in Ct. One in Derby and One in Enfield.

We are a full line distributor of automotive and architectural glass to the trade.

We have been in business since 1945; my family has been a part of this business since 1970.

I am here today to urge you to support Bill #5072, it is vitally important for the survival of the independent auto glass shops in Ct.

Currently even if a auto glass installation shop joins a networks run by the Third Party Providers that is affiliated with a chain of glass shops, and the independent has agreed to the discounts, labor rates and warrantees, they still see very little work.

Year after year we have seen our customer base get smaller and smaller as our customers struggle to get any insurance work. Gone are the days when there were 2 or 3 auto glass shops in a given area offering the consumer a choice. Now most of the work is scheduled from an out of state headquarters and the installers are dispatched from 1 or 2 locations within the state.

We offer an OE product that is equal to or superior to the glass offered by many of the chains, and at a price that is more than competitive in the market place. This allows the independent glass shops to offer to the consumer a quality product at a competitive price.

Unfortunately being that they are shut out of the insurance business in Ct. that only leaves them with out of pocket jobs and work at repair shops that don't go though insurance.

All we are asking is to require the networks to give just one more name besides their own to the consumer when there is a glass claim

Also keep in mine all the income that is earned by people like us stays in this state.

SENATOR MARTIN M. LOONEY
MAJORITY LEADER

Eleventh District
New Haven & Hamden



State of Connecticut
SENATE

State Capitol
Hartford, Connecticut 06106-1591
132 Fort Hale Road
New Haven, Connecticut 06512
Home: 203-468-8829
Capitol: 860-240-8600
Toll-free: 1-800-842-1420
www.SenatorLooney.cga.ct.gov

January 31, 2013

Good afternoon Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee. I am here to testify in support of SB 599, AN ACT CONCERNING DISPENSATION AND INSURANCE COVERAGE OF A PRESCRIBED DRUG DURING REVIEW OF AN ADVERSE DETERMINATION OR A FINAL ADVERSE DETERMINATION, HB 5072, AN ACT CONCERNING AUTOMOTIVE GLASS WORK, and HB 5073 AN ACT CONCERNING MOTOR VEHICLE GLASS REPAIR SERVICE.

SB 599 would require, in cases where a denial of service is for a prescription drug, that the insurer provide the patient with the prescription drug through the course of the appeal. This protects the patient by giving him or her access to needed medication and encourages the insurer to resolve the case quickly. While it appears this bill would make Connecticut the first state to enact this patient protection, it is a reasonable step forward and consistent with the requirement under the Affordable Care Act regulations¹

¹ 45 CFR 147.136(b)(2)(iii) states:

HB 5072 and HB 5073 would create a more equitable market in auto glass repair. These bills would require that the insurer inform the insured of his or her right to select the auto glass repairer of his or her choice. Under current law, insurance agents doing business in Connecticut may not require an insured to use a specific auto glass repair shop; this legislation simply requires that the insurer disclose this fact. The legislation would extend the current statutory requirements regarding other automobile repair to auto glass repair. It would protect consumers and encourage market competition. This legislation would create a more open market by preventing insurance companies from steering people to auto glass repair shops that are essentially subsidiaries of the insurers, and it would guarantee consumer choice.

Thank you for hearing these important bills.

Jamie Grant
46 Alvord Street
Stratford, CT 06614

RE: Support of House Bill 5072

January 31, 2013

To Whom It May Concern:

I am writing today in support of House Bill 5072. I am an Independent Insurance Agent with the State of Connecticut and have worked for and with small business owners for most of my 32 year career.

"Steering" business in insurance is not permitted. I can't do it as an agent. I do believe that you are letting this go on at the insurance company level by allowing national glass companies to contract with insurance companies to handle their auto glass losses. I am sure it is cost saving for the insurance company to have a glass claims facilitator, but allowing that facilitator to be a national glass company just means that the national glass company and the insurance company will make money, but that is taking business from the small business owner.

In the past an insured could call their independent agent and report the claim. The insured could use the glass repair shop they desired to use or could ask their agent to refer one or two and make a decision from there. This is how the small business owner's get their business, is by referral. Even Safelite Auto Glass.

Now most insured's are instructed to call an "800" to report their glass loss. This number does not belong to the insurance company that they are insured with but with a company called "Safelite Solutions." Safelite Solutions takes the information and immediately the glass is scheduled to be replaced by a Safelite Auto Glass agent.

The question may be asked "do you have a glass company in mind?" and if you say no, can you recommend one? The answer of course is Yes, Safelite Auto Glass. Steering. In addition, if you tell them that you want to use your own glass repair shop, they can't say no, but they do everything they can to change your mind right down to making the appointment on the phone that minute. Steering.

If you must allow the insurance company to use Safelite Solutions to be their claim facilitator, then at the very least they must be compelled not to immediately and only refer Safelite Auto Glass as the repair shop. They must have to provide the insured with choices.

I have been told by many of my customers that they have had no choice but to use Safelite Auto Glass. When asked who told them that, they say the glass claims representative at my insurance company.

As a consumer I see this in any auto body shop, auto dealer service department:

**NOTICE:
YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR SHOP WHERE THE
DAMAGE TO YOUR MOTOR VEHICLE WILL BE REPAIRED.**

You must support House Bill 5072. You must include glass replacement in this bill. You must compel the claims representative working for Safelite Solutions not to immediately steer the glass repair work to Safelite Auto Glass, which is their sister company. They must give the consumer the opportunity to go to their shop of choice as they are required to do by the broad language of the law. This company has exploited the fact that auto glass is not specifically stated in this law and has taken too much business away from the small business owners in this State.

Safelite Auto Glass is Nation Wide. They will not lose money by having to this. If you do not change the language in the Bill, Safelite will be the only glass contractor in our State as our small business owners can't afford not to get the referrals any longer. If this bill is not passed, you can rest assured that you will be closing the doors for many independent glass repair shops.


Jamie Grant

Arare Santillana

HB-5072

A recorded conversation between a Claims Representative from Geico and a customer

"Thank you for calling Geico. Your call may be monitored and/or recorded. If you are calling in regards to a claim, an accident or for emergency road side service, press 1. If you would like a quote for new policy, press 2. To set up or update and automatic payment, press 3. To make or schedule a payment, press 4. To check recent payment, current amount due or due date press 5. To request an insurance card, press 6. To speak to a professional insurance agent, press 7. To repeat this menu, press 0.

. If you are calling in regards to a claim, an accident or for emergency road side service, press 1. If you would like a quote for new policy press...Please have your claim or policy number ready. For emergency road side service press 1. For mechanical break down department not involving an accident, press 2. For Glass claim with no additional damage, press 3.

Thank you for calling the Geico Glass Service Unit. This call maybe monitored and/or recorded for quality purposes. Press 1 if you are a customer, press 2 if you are a glass shop. To expedite the processing of your claim, you may login to GEICO.com to file your claim and schedule an appointment. If you would like to reimbursement address to send in a bill, press 1. If you are calling about a glass claim that has already been reported, press 2. If you are reporting a glass only claim for the first time, press 3. To repeat this menu, (customer press 3)

Claims Reprehensive: Thank you for calling Geico Glass Claims, this is Leslie LeMalle, how can I help you?

Customer: Oh hi I have a windshield with a crack

Leslie: Oh I am so sorry to hear that, I would be more than happy to get this taken care of for you. Now if ever more convenient for you, you can always go on line at GEICO.com and schedule any glass loss or any appointments on line as well. Would you rather do that or finish up with me.

Customer: Oh no, just do it with you that's fine

Claims Representative: No problem, when did this happen

Customer: Yesterday

Claims Representative: Oh wow, I'm sorry and may I have your policy number please

Customer: It is 425581129

Claims Representative: Thank you so much. And is there any other damage to the vehicle besides the glass?

Customer: No I just noticed like a line on it.

Claims Representative: Oh wow. Now just for verification purposes may I have your first and last name.

Customer: Carol Robles

Claims Representative: Thank you so much and your date of birth

Customer: 4-20-81

Claims Representative: Thank you so much and the zip code of the home address

Customer: 06615

Claims Representative: Thank you. I have your home phone number of 203-336-6839

Customer: Right

Claims Representative: and this is on your 2006 Jeep Grand Cherokee

Customer: Um Hum

Claims Representative: and were you driving the vehicle when you noticed it

Customer: Um

Claim Representative: or was it parked?

Customer: No it was parked

Claims Representative: Ok and you said there's a crack in the windshield is that right?

Customer: Right

Claims Representative: Do you know what might have caused it

Customer: Um I don't know, not too sure

Claims Representative: No problem and what state where you noticed that?

Customer: Here, Connecticut

Customer Representative: Alright. Now the crack in your windshield is it larger or smaller than the length of a dollar bill

Customer: Um it's, not too sure, it can go 1/2 way across the windshield, so I am not too sure

Claims Representative: So it's 1/2 way across the windshield?

Customer: Um Hum

Claims Representative: It's definitely larger than a dollar bill then

Claims Representative: Alrighty, bear with me one moment, while wait for your coverage to come up.

Customer: Alright

Claims Representative: Alright, Thank you so much

Claim Representative: Now looking at your coverage's, um, I do show you carry the comprehensive coverage which is what the glass is under. Umm, you actually have glass waiver on your policy, so that is going to waive your \$1,000.00 deductible; we can get this replaced at no cost to you.

Customer: Um hum

Claim Representative: We do have an excellent glass company called Safelite Auto Glass where we are affiliated with. You are not obligated at all to use them but they will come right out to your home or even your business at no cost to you(pause) and I can definitely go into their schedule and see when their next available is for you

Customer: Okay

Claims Representative: Now for the replacement it usually takes anywhere 90 minutes to 2 hours to complete and looking at their schedule, um actually on your windshield do you know if your windshield wipers automatically increase in speed as the rain comes down harder?

Customer: I'm not too sure. I don't know, I don't think so

Claims Representative: And on your windshield um, okay. It has that tint

Customer: Um Hum

Claims Representative: Your windshield is tinted, okay no problem. Now showings their next available, they're actually all booked up for their mobile appointments until next Tuesday, they have an 8 or I'm sorry, they have a 12-5 next Tuesday.

Customer: Oh, okay that's fine

Claims Representative: Ok, do you want them to come to your home or your business?

Customer: My home address is fine

Claims Representative: Alright

Customer: Wait um who who is going to come replace it, I don't understand what you are saying

Claims Representative: Um Safelite Auto Glass

Customer: Ummmm

Claims Representative: You are not obligated at all to use them but I can get them to come out to replace your windshield for you unless you have someone else in mind

Customer: No actually I, I, yeah would prefer to use someone else

Customer Representative: Ok, no problem at all. Do you know who you would like to use?

Customer: Yes

Claims Representative: Ok and what is their name and phone number?

Customer: Auto Glass of New England

Claims Representative: Alright and what is their telephone number?

Customer: 203-375-4700

Claims Representative: Okay, thank you so much. If you don't mind holding for just a brief moment I am going to give, um all, put into the work order for you

Holding, music, Geico Advertising.....

Customer Representative: Thank you so much for holding, um I have Auto Glass of New England, ummm, set to do the work for you and I went ahead and sent them down the work order so they have all your information

Customer: A hum

Claims Representative: Ummm, so all you is just sign the paperwork saying it was completed and then they will bill us for the services

Customer: Okay

Customer Representative: Now you may receive a survey down the line asking to rate my service on one side and the service of the shop on the other. Is there anything else I can do for you to help with my service?

Customer: No that's it

Customer Representative: Alrighty and do you have any other questions about your glass?

Customer: No am I scheduled or

Claims Representative: Well I can't get this scheduled for you but the only one we do have access to is Safelite. But I did go ahead and send down the work order so all you need to do is just call them to set your appointment.

Customer: Okay

Claims Representative: Alrighty Carol. Thank you so much for calling me.

Customer: Thank you

Claims Representative: You have a great day

Customer: You too

Claims Representative: Bye Bye

Customer: Bye



Safelite Funds Allstate Windshield Repair Marketing Materials

August 23, 2012

by Casey Neeley, cneelev@glass.com

Allstate agents are now carrying around a new set of business cards. The cards are given to customers by the agents and offer information on recommended steps needed to repair a chipped or cracked windshield. According to these informative cards, they are part of a marketing program "powered by Safelite Solutions."

The card claims it is for "Allstate's Glass Claim Express®." Safelite, the third-party glass administrator for Allstate, currently accepts the calls received from this business card. The bottom of the card also features the Safelite and Allstate logos.

"Safelite approached us about creating marketing material for our agents to distribute and the first run of such materials was funded entirely by Safelite and provided to our agents," says Justin Herndon, lead communications consultant for Allstate.

Herndon claims all future printing of the materials will be funded independently by the individual agents.

Allstate moved its auto glass claims administration to Safelite Solutions in January of 2012. Many in the industry were vocal about concerns over the union of Allstate and Safelite.

"Customers still may select the auto glass service provider of their choice," says Herndon. "However, when the customer does not have a preference, Safelite Solutions can assist by providing the customer with a glass shop recommendation that provides quality installation service along with excellent customer service. It is Allstate's policy to honor customer choice of a glass service provider."

Safelite declined to comment on the new cards.

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WINDSHIELD CHIPPED OR CRACKED?

REPAIR IT BEFORE IT SPREADS!

ALLSTATE'S GLASS CLAIM EXPRESS® | 1-800-626-4527 ALLSTATE.COM

If your windshield is repairable, your deductible, if applicable in your state, may be waived with proper comprehensive insurance coverage.



Cover damage with a sticker to keep it clean. PROGRAM POWERED BY Safelite Solutions

← Safelite Answers this phone number

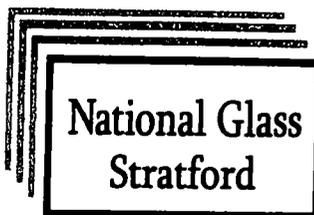


Plate Auto Glass Mirrors Glass For Every Use

January 31, 2013

Good Afternoon, Mr. Chairman and members of the Committee.

My name is Joseph Negro. I own the National Glass & Mirror Company, located in Stratford, Connecticut, a business I took over from my father in 1990.

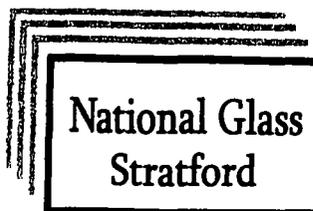
As you know, auto glass claims are now handled by third party administrators, (TPAs), not the insurance carriers themselves. In the past, we were able to get insurance referrals from TPAs that do not own retail auto glass shops. This is not the case with Safelite, which does have its own shops. As far as I know, Safelite refers auto glass replacement work only to its own shops.

We, independent owners, do not get referrals from the insurance companies who partner with Safelite for TPA services. In addition, their dominant position in the market creates a barrier between me and my established customers. When a regular customer of ours needs auto glass replaced, I need to direct them to report their claim to Safelite, my competitor for auto glass replacement and installation services. An independent shop is not allowed to call in the claim on behalf of our customers.

I urge you to support HB 5072 as it will allow independently owned auto glass shops an opportunity to compete for insurance auto glass work. I believe this bill is good for Connecticut's insurance consumers and critical for Connecticut's small businesses.

Thank you.

Joseph Negro, President
National Glass & Mirror Company, Inc.
1430 Barnum Avenue
Stratford, CT 06614



HB 5072

Plate Auto Glass Mirrors Glass For Every Use

February 28, 2012

My name is Joseph Negro. I am the owner of National Glass & Mirror Company, Inc. of Stratford, Connecticut. I or my late father has owned this company since 1969. We are an old-fashioned type of glass company, as we provide residential and commercial glass services in addition to auto glass services.

In the past, we had been able to get insurance work directly through insurance company listings or through referrals from local insurance agents. As time has moved forward, most insurance companies now use a third party administrator, or TPA, to manage their auto glass claims.

The most prevalent TPA is Safelite Solutions Group. As far as I know, Safelite Solutions only refers auto glass jobs to its sister company, Safelite Auto Glass. Both are owned by the Belron Corporation. Safelite Solutions now manages auto glass claims for most of the major auto insurers operating in Connecticut. Because Safelite refers auto glass business to its own shops and to no others, the ability of the independent auto glass shop to compete is seriously damaged. I know of no other industry where a situation such as this exists.

I cannot tell you how often I have been told by a regular customer that they had wanted to use my services for auto glass replacement or repair for their vehicle or that of a friend or relative, but upon calling to file a claim, were informed otherwise by Safelite Solutions or another TPA.

I feel that policyholders are being short-changed by this arrangement. If, for instance, an insured needs a door glass replaced in his or her car, but finds that Safelite is unable to get to it for several days, the insured is not told there are other auto glass shops available to meet their needs in a more timely manner. It seems to me that Safelite keeps as many jobs for itself as possible, regardless of the needs of the consumer.

I urge you to support HB5231, as it will benefit both insurance consumers and Connecticut businesses.

Thank you.

Joseph Negro, President
National Glass & Mirror Company, Inc.
1430 Barnum Avenue
Stratford, CT 06614

Hotmail - joenegro@hotmail.com

Page 1 of 1

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To: aanastasio@snet.net Aaron Zawadski (zawadski78@msn.com) adebowes@aol.com arava105@comcast.net barbara frnsbie (bfnsbie@baileymurphycpa.com)

Subject: H.B. 5231

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To my family and friends, I'm sending this message to ask a favor of you. Early next week the General Assembly of the State of Conn. will consider H.B. 5231 "An Act Concerning Automotive Glass Work". I'll try to explain this as briefly as I can. Insurance companies today no longer process auto glass claims themselves. They are reported to, dispatched, and paid for by what are known as "Third Party Administrators" or TPA. The problem for the independent glass shop is that the most prevalent TPA is the Safelite Solutions Group, which administers claims for almost all the major insurers operating in Connecticut. Safelite Solutions assigns jobs only to its corporate affiliate, Safelite Autoglass, thus eliminating the independent shop's ability to compete for these jobs. Although Safelite has a network including independent shops it is only to facilitate claims in which the insured goes to an independent shop first. The overwhelming majority of claims are initiated by the insured calling their insurance company first. When you call the 800 number on your policy or no fault card, press the option for a glass loss you are then talking to the TPA, not your insurance company. An example of the impact this has on an independent shop is my company, National Glass & Mirror: Through LYNX Services(A TPA that does not own its own shops) we were able to work for Allstate, in 2009 we did 57 jobs for them, in 2010 we did 93 and last year 61. On January 1, 2012 Safelite Solutions became TPA for Allstate and so far this year we have done zero jobs for Allstate. Passage of H.B. 5231 would require the TPA to notify insureds of their right to choose a shop and also require the TPA to name 3 shops in addition to its own. Politicians of both parties are always boasting what a friend they are of small businesses so lets hold them to their words. I'm asking that you'll support H.B. 5231 by notifying both your state Representative and state Senator, asking them to vote for it. They can be reached easily by e-mail, go to CT.gov, General Assembly, find your legislator. I hope I'm being clear, if not or if you have any questions about any of this call me ANY time. Shop 203-378-6705, 378-7266 Home 203-389-0891 or cell 203-506-2418. Thank you very much, Joe Negs

**INDEPENDENT
INSURANCE AGENTS OF
CONNECTICUT, INC.**

30 Jordan Lane, Wethersfield, CT 06109
(860) 563-1950 (800) 842-2208
FAX (860) 257-9981



Warren C. Ruppard
President

January 31, 2013

**Testimony of the Independent Insurance Agents of Connecticut
to the Insurance And Real Estate Committee
On Committee Bill 5072
An Act Concerning Automotive Glass Work**

Senator Crisco, Representative Megna and members of the Insurance and Real Estate committee, my name is Warren Ruppard and I am President of the Independent Insurance Agents of Connecticut. The Independent Insurance Agents of Connecticut is a trade association which has been located in Connecticut and has represented independent agents for 114 years. IIAC currently represents more than 400 member agencies and their associates as well as their 3500-plus employees. I come to you today to speak on Committee Bill 5072 – An Act Concerning Automotive Glass Work.

The Independent Insurance Agents of Connecticut strongly supports small business and all efforts to maintain a level playing field in a competitive marketplace. Section 1 of this bill clarifies the requirements of an appraiser and includes specific language on automotive glass work. IIAC supports these changes and the right of a consumer to choose a motor vehicle repair shop or a glass shop in the event they have damage to their motor vehicle.

The Independent Insurance Agents of Connecticut request that the members of the Insurance and Real Estate Committee support the principal that is included in the language of Committee Bill 5072, that a consumer has the right to choose an automotive or glass repair shop. We offer our assistance to the committee and the auto glass repair industry as this issue evolves.

In Support of House Bill 5072

Thank you for raising House Bill 5072

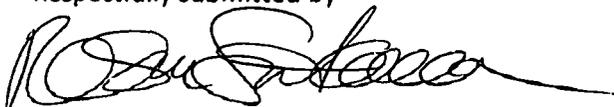
When there are no regulations for large corporations it allows them to create a monopoly. We feel as small business owners that Belron International has created a monopoly or at very least is attempting to create a monopoly in the auto glass industry with all the glass companies they own in the United States. The largest one being Safelite Auto Glass and its sister company, Safelite Solutions. Safelite Solutions is a third party administrator for insurance companies for filing auto glass claims. Safelite Solutions by their own words has 100 or more insurance companies under contract and 19 of them are within the top 20 in the country that write personal and commercial auto lines. Safelite Solutions only refers to one company which happens to be its sister company, Safelite Auto Glass. They are able to do this through creative and manipulative speeches to the insured in attempt to steer work to their sister company. When the customer does not want to use Safelite Auto Glass, they will not give another name and advises the customer to look for another shop and call back to complete the claim. A choice is not given and customers need to be given a choice

They are going to say that they are doing nothing wrong by doing this and that all of us small independent glass shops are just complaining. The truth is by their practices they are restricting the way we can do business because most of the insurance companies that they are under contract with are demanding that their agents give the 800 number for Safelite Solutions and not independent glass companies. This is also true for their sales forces which goes into agencies and tells the agent that they must give out the 800 number to their clients. When we do get a client, whether through yellow pages, internet, walk in, etc, we still have to call the claim to Safelite Solutions with the customer on the phone and stay on the phone because we risk the chance of them steering the job away from us to their sister company, Safelite Auto Glass.

They are going to say that if any action is taken by this committee in helping us; it will cause them to reduce staff. We, as small businesses, are saying that if no action is taken, we are going to lose our businesses. We thank you for your support last year and are asking for your support again for House Bill 5072.

Thank You

Respectfully submitted by



Roseann Santamaria



Whalley Glass Co

214 Whalley Avenue, New Haven 06511

Ladies & gentlemen of the committee, thank you for having us here today and for your hard work thus far on H.B. 5072. My name is Eric Dill and have been an employee of Whalley Glass for 26 years.

I'm here to support H.B.5072 and to show how Safelite Auto Glass' current business practices and profile adversely affect independent glass shops in Connecticut.

Safelite's Business Profile

1. Safelite Auto Glass is the third party administrator for about 90% of the largest auto insurance writers in the country (Allstate, Geico, Progressive, Metropolitan, etc.) Glass replacement for these companies must be billed through Safelite Solutions.
2. Safelite Auto Glass is also a national glass installer.
3. They are also an auto glass manufacturer.
4. Safelite has acquired regional independent glass shop chains such as Diamond-Triumph Auto Glass and Giant Glass.

Safelite's Business Practices

1. Safelite continues to steer insureds through their third party administrator, Safelite Solutions.
 - a. Their inability to find independent network shops on their list when an insured requests a shop other than Safelite.



Property Casualty Insurers
Association of America
Advocacy Leadership Results

STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. 5072 – AN ACT CONCERNING AUTOMOTIVE GLASS WORK H.B. 5073 – AN ACT CONCERNING MOTOR VEHICLE GLASS REPAIR SERVICE

COMMITTEE ON INSURANCE AND REAL ESTATE

January 31, 2013

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on H.B. 5072, an act concerning automotive glass work and H.B. 5073, an act concerning motor vehicle glass repair service. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI member companies provide 46 percent of Connecticut's personal lines insurance coverage.

PCI supports the consumer's right to choose which glass shop handles their glass repairs. Requirements in this regard are already set forth in Connecticut law and insurers are complying with the law. Policyholders are currently informed by a number of different means relative to their ability to choose a glass shop to repair their vehicle.

Consumer satisfaction relative to glass repair is important to insurers because if a policyholder has a negative glass repair experience, they may choose to take their insurance business elsewhere in the future. There are very few consumer complaints relative to glass repair. Rather, consumer satisfaction regarding glass repairs is high and repairs are generally accomplished in a manner that is quick and convenient for the consumer.

Given that consumers are generally pleased with their glass repair experiences, PCI would submit that H.B. 5072 and H.B. 5073 are unnecessary. Requiring further disclosures, in addition to those which are already required and provided, will only add unnecessary steps to the glass claim call/process. The consumer's goal is simply to get their window fixed and get back out on the road quickly and with minimum hassle. Requiring additional disclosures beyond those that are already provided will not further this goal.

For the foregoing reasons, PCI would submit that H.B. 5072 and H.B. 5073 will not positively impact the glass claims handling experience for the CT consumer and are unnecessary.



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Before

The Insurance and Real Estate Committee

January 31, 2013

H.B. No. 5072 – An Act Concerning Automotive Glass Work

Proposed H.B. No. 5073 – An Act Concerning Motor Vehicle Glass Repair Service

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to provide written testimony on House Bill No. 5072 and House Bill No. 5073.

Current state law 38a-354, protects consumers against so-called “steering” for both auto glass and body shop repairs. Carriers are prohibited from requiring customers to use a specific glass or auto body repair business. By law, carriers must give consumers their choice of where repairs are made.

In the Department’s experience, this is not problematic for consumers. The Department’s Consumer Affairs Division has received no complaints regarding this issue. Should the Department field complaints it cannot resolve through our consumer affairs complaint process, the Department’s arbitration program under CGS section 38a-9 can be used by consumers in situations where they dispute the amount of glass damages. The arbitration program can be used for damage amount disputes over both auto body repairs and glass repairs.

As a result, the Department believes consumers are adequately protected by current law and that H.B. No. 5072 and H.B. No. 5073 are unnecessary.



January 31, 2013

The Honorable Joseph Crisco
 Chair, Insurance and Real Estate Committee
 Legislative Office Building, Room 2800
 Hartford, CT 06106

The Honorable Robert Megna
 Chair, Insurance and Real Estate Committee
 Legislative Office Building, Room 2802
 Hartford, CT 06106

Re: House Bill. 5072

Dear Chairman Crisco and Chairman Megna:

My name is Scot Zajic and I am vice president, legislative affairs for Safelite Solutions. Safelite Solutions provides third party administration services on behalf of many of the top insurance companies, providing a valuable service to thousands of Connecticut consumers.

I write to express concerns with Committee Bill 5072, a bill whose unintended consequences will hurt consumers and fails to address real problems in the Connecticut vehicle glass repair and replacement (VGRR) industry.

On average, vehicle glass damage occurs once every seven years, so Connecticut consumers *rely* on their insurers to help them during what can be a difficult time. Not only did they experience damage to their vehicle which can be traumatic, they have to submit an insurance claim which can be a hassle, and oftentimes the vehicle glass damage needs replaced or repaired very quickly. Quite simply, our goal is to provide the best vehicle glass claims experience to every Connecticut consumer, each and every time. While we are not perfect, we strive to be. In about seven minutes, the consumer's claim detail is submitted, insurance coverage is verified, and the consumer selects any shop of their choice. Connecticut consumers rave about the vehicle glass claims service they receive from Safelite Solutions.

So What is the "Problem" Committee Bill 5072 is Intended To Solve?

Like most states, current Connecticut law prohibits insurers from requiring policyholders use a particular repair shop. However, despite existing law, claims of "steering" remain the rallying cry for legislation like Committee Bill 5072 which go well beyond addressing allegations of "steering" So who makes the claims of "steering"? Consumers? No. It is competitors who simply feel it is "unfair" that Safelite Solutions has an affiliate business, Safelite AutoGlass, and seek to "level the playing field" through legislation

It is easier to make allegations than to prove them and competitors continue to use Safelite as a scapegoat for very challenging market conditions. Over the past five years, the VGRR industry has seen the volume of vehicle glass repairs and replacement decline across the country, and Connecticut is no exception. These conditions are driven by the economy, weather, fewer motor vehicle miles driven, an increase in fraudulent claims and a new direct to consumer marketing trend. In 2012, Safelite saw its overall sales decline by nearly 20%, while the insured claims directed to its affiliate shops increased nearly 12.5% over 2011. Between a decline in sales and an overall market share of 18%, one can hardly make a claim Safelite is "steering" business. On the contrary, one would argue that the existing state "anti-steering" law is working, especially during these challenging market conditions.

Even during these challenging times, Safelite remains committed to the Connecticut market. The company employs 107 individuals at its locations in Bridgeport, Danbury, East Hartford, New London, North Haven, Stamford, Torrington, Waterbury, Willington and West Hartford would respectfully disagree. Safelite is looking to expand in the state, considering real estate investments and adding up to 25 jobs; however legislative and regulatory uncertainty created by Committee Bill 5027, may require Safelite to reconsider these business investments.

Unintended Consequences of Committee Bill 5072

- Committee Bill 5072 does not solve the real problems in the Connecticut VGRR market but rather puts the government in the position of picking winners and losers among competitors.
- Customer satisfaction is extremely high as it relates to current VGRR claims service. Listing an additional shop when a customer has no preference for a glass shop restricts the insurer's ability to guarantee a reputable shop is offered and work is performed that meets the customer's expectation.
- How will an additional shop be selected? Insurers and TPAs will get accused of "steering" if certain shops complain they are not the "additional" shop.
- There are consumer benefits to using a "network" shop versus a non-network shop. How would the insurer or TPA address network versus non-network shops? If insurers are required to provide the name of a non-network shop, and service is poor, the customer loses.
- Some insurers offer their policyholders the convenience of filing claims online. Requiring the listing of an additional shop would require *significant* IT system changes that will add significant expense.
- What about the out-of-state consumer who is *not* from Connecticut, but is passing through? His or her "residence" could be Arizona, making the statute unworkable.
- The additional shop provision does not take into account the fact that the customer may want *in-shop* service or mobile service.

- The requirement to provide an additional shop does not take into account which shops can perform repairs, which shops perform replacements, which can perform both, which can repair “long” cracks and which cannot. This would present significant logistical challenges in maintaining separate and distinct lists of shops based on their qualifications. This would also require significant IT system changes which add significant expense.

While Safelite has concerns with Committee Bill 5072, we feel there is an opportunity to address the unscrupulous activities that are affecting all legitimate shops in the Connecticut VGRR market. They are termed “Harvesters” and they use aggressive tactics to harass, intimidate and coerce consumers to repair or replace a windshield. This business is growing exponentially in Connecticut and needs to be addressed. Between 2010 and 2012, over 11,000 claims were filed by these groups. It is estimated that 65-75% of these claims are not legitimate. The other 25-35% are being pulled out of the traditional VGRR market. This number will continue to grow unless action is taken. Safelite offered language to this committee and looks forward to working with its members to address these concerns and creating a win-win for all legitimate Connecticut VGRR shops.

Thank you for the opportunity to submit written comments to Committee Bill 5072. We would welcome the opportunity to discuss these issues with the Committee and others in the industry in crafting legislation in this area, which promotes the interests of consumers of vehicle glass repair and replacement services. However, Committee Bill 5072 is something Safelite cannot support. It hurts consumers, adds cost and expense to the claims process, it fails to address real problems which face the vehicle glass industry in Connecticut, and current law already protects consumer choice.

Sincerely,



Scot Zajac

"AN ACT CONCERNING AUTOMOTIVE GLASS WORK."

Strike everything after the enacting clause and substitute the following in lieu thereof:

"Section 1. Section 38a-354 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2014*):

(a) No [automobile] motor vehicle physical damage appraiser shall require that appraisals, [or] repairs or automotive glass work should or should not be made in or by a specified facility, [or] repair shop or [shops] glass shop.

(b) No insurance company doing business in this state, or agent or adjuster for such company shall (1) require any insured to use a specific person for the provision of [automobile] motor vehicle (A) physical damage repairs, [automobile] or (B) glass replacement, glass repair service or glass products, or (2) state that choosing a facility other than a motor vehicle repair shop or glass shop participating in a motor vehicle repair or an automotive glass work program established by such company will result in delays in repairing the motor vehicle or glass or [a lack of] that the shop selected does not offer a guarantee for repair work.

(c) Any appraisal or estimate for a motor vehicle physical damage claim written on behalf of an [insurer] insurance company shall include the following notice, printed in not less than ten-point boldface type:

NOTICE:

YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL BE REPAIRED.

(d) If there is oral communication between a glass claims representative for an insurance company doing business in this state or a third-party claims administrator for such company and an insured regarding motor vehicle glass repair service or glass products, in the initial contact with the insured, such representative or claims administrator shall state to the insured a statement substantially similar to the following: "You have the right to choose a licensed glass shop where the damage to your motor vehicle will be repaired. If you have a preference, please tell us now."

(e) A glass claims representative doing business in this state or a third-party claims administrator acting on behalf of an insurance company shall not assign or dispatch the automotive glass work or forward a related policy or policyholder's contact or repair scheduling information to a different glass shop once the insured selects a glass shop of choice without the knowledge and consent of the insured.

(f) An insured may, prior to the commencement of automotive glass work, elect to change the insured's choice of automobile glass shop.

Section 2. Unlawful practices; automotive glass work

(a) It is an unlawful practice for a glass shop to:

1. Perform automotive glass work or glass replacement services under an insurance policy without first obtaining insurer approval;
2. Make any representation to an insured as to coverage or benefits available under the insurance policy, including, but not limited to, a representation that the insured is entitled to a "free" windshield;
3. Represent verbally, electronically, or in any other way, including but not limited to, advertisements, websites, or any marketing materials that a claim for automotive glass replacement work under an insurance policy is "free";
4. Waive or offer to waive the insured's deductible, offer a rebate, gift, gift card, cash, coupon or anything of value to an insured or a third party in exchange for the insured filing an automotive glass work claim under an insurance policy.

(b) For purposes of this act, a glass shop means a person or commercial business or entity licensed to perform automotive glass work in the state.

<u>This act shall take effect as follows and shall amend the following sections:</u>		
<u>Section 1</u>	<u>January 1, 2014</u>	<u>38a-354</u>

Statement

Insurance Association of Connecticut

Insurance and Real Estate Committee

January 31, 2013

HB 5072, An Act Concerning Automotive Glass Work
HB 5073, An Act Concerning Motor Vehicle Glass Repair Service

The Insurance Association of Connecticut (IAC) would like to make the following comments on HB 5072, An Act Concerning Automotive Glass Work, and HB 5073, An Act Concerning Vehicle Glass Repair Service.

Existing Connecticut law provides that an insured cannot be required to use a specific repair shop for glass replacement or repair services (C.G.S. 38a-354). Insurers fully inform insureds that they have the right to have their damaged auto glass repaired or replaced by the glass shop of their choice when they make a claim. In addition, state statutes require boldface notice of that right on all insurance identification cards mandatorily provided to insureds (C.G.S. 38a-364).

Statistically, the most likely claim interaction between an insurer and its insured is a glass claim, which is a relatively high volume, low dollar event. Some insurers have set up special glass claims procedures in order to improve efficiencies and minimize consumer hassles. Insureds may be provided toll free call-in numbers to connect them with third party administrators hired to process the glass claims.

Third party administrators fully inform insureds of their right to choose the glass shop where the damaged auto glass will be repaired or replaced. The third party administrator may also explain the consumer benefits (such as a lifetime guarantee) of the use of a network shop as a repair option. Independent glass shops from across the state participate in the network.

Consumers are clearly exercising their right to choose. The Insurance Department is not receiving complaints from consumers regarding glass claims. In fact, there have been so few glass repair/replacement complaints over the years that the Insurance Department has not even set up a computer data code to track them.

Consumer satisfaction surveys conducted by insurers in Connecticut and across the country have shown that consumers appreciate the efficiencies and quality of work that result from such glass repair arrangements. Insurance industry research has also shown that an insured's satisfaction with his or her glass repair experience is an important factor in an insurer's ability to keep their insureds happy, so they don't shop their insurance business elsewhere.

The IAC respectfully submits that there is no need for HB 5072 or HB 5073, as Connecticut insureds are well served by the efficiencies, quality of work and freedom of choice provided them through current automobile glass insurance claims processing systems. IAC requests that no action be taken on HB 5072 and HB 5073.

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2013**

**VOL. 56
PART 9
2501 - 2836**

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SENATE

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Yes, Madam President. If there is no objection to this I'd like for it to be placed on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, if we might now go to Calendar page 22, Calendar 522, House Bill 5072. And then after that, Madam President, if we might return to a bill that was passed temporarily earlier, and that was on Calendar page 38, Calendar 196, Senate Bill 961. I believe that an amendment that we were waiting for has been signed and should be available by the time we reach that bill. Thank you, Madam President.

THE CHAIR:

Thank you. Mr. Clerk.

THE CLERK:

On page 22, Calendar 552, substitute for House Bill 5072, AN ACT CONCERNING AUTOMOTIVE GLASSWORK. Favorable Report of the Committee on Insurance and Real Estate, and there are amendments.

THE CHAIR:

Senator Crisco, good afternoon, sir.

SENATOR CRISCO:

Good afternoon, Madam President. President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Motion on acceptance and passage. Will you remark, sir?

SENATOR CRISCO:

Yes, Madam President. Madam President, over the past several years this body and the Insurance Committee has

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worked very diligently to try to avoid the -- the steering effort by -- in collision repair. This is a continuation of that effort. This bill would require that the insurer or state agency inform an insured person they have a right to choose any -- any licensed glass repair shop of their choice in terms of where their automobile glass will be prepared. And that the claims administrator provide at least one additional -- that's one additional, they could provide more -- glass shop for glass repair.

It also incorporates some minor technical changes.

THE CHAIR:

Will you remark? Will you remark? Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. I have a couple of questions through you to the proponent of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR KELLY:

Can you explain the circumstances under which this type of bill would become necessary? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President. Madam President, we have a situation where a windshield is destroyed and as a consumer, I wish to have it repaired. So I could either check the yellow pages or call my auto repair person and tell them that -- what has happened, and that it needs to be replaced. And hoping that I would be informed of where I should take my automobile, what the options may be to me.

THE CHAIR:

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Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. In those circumstances is there a requirement to disclose who would be capable of providing the glass service? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, yes, there should be disclosure of at least one additional or more, repairers of auto glass windshields.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Now in circumstances where you are provided that extra, the other or more than one glass dealer, is there any requirement that if I live in, for instance, Stratford, that it -- it would be in the Stratford area or could they provide me a dealer or repair person from Mystic. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly, I believe there are no boundaries. It's just basically to support the small businessperson that provides this type of service and to enhance that industry to make sure that everybody has an opportunity to provide the service.

THE CHAIR:

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Senator -- Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. I'm not sure if I got the answer. So it would be limited to the geographic area that the insured is, or is it -- could it be anywhere in the State of Connecticut. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly, I apologize. There's no geographical limit.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Now with regards to this, as I understand the way the process works, I would make a claim with my insurance company. They would turn this over to a third party to administer the claim. Is there anything in the bill that would prohibit either the insurance company or the third party from naming a, you know, a dealer, so to speak, that they're also in -- loosely affiliated with so that they're not just referring you to other people that are associated with either the third party administrator or the insurance company. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, no, there is no restriction that in regards to the TPA, they also have to inform the insurer of the various options that are available.

THE CHAIR:

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Senator Kelly.

SENATOR KELLY:

But with regards to this bill, it is going to require the disclosure and notice that there are, and that as an insured you have the right, to more than one glass provider. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you, again it is subjective. This legislation to eliminate all forms and types of steering. And so that is the purpose of the legislation.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

And through you, Madam President, why do the current -- I'm going to say, anti-steering laws not work in the context of glass. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly, this bill, you know, tracks existing law that we have dealt with in the past. Because the autobody repair is such a different situation from just glass, recall that under autobody repair there are different repair parts, et cetera. And where the adjustment will have to come out. This is not as complicated as that, but this would help again. This would prohibit steering, so it's quite different from auto collision which we took care of in the past.

THE CHAIR:

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Senator Kelly.

SENATOR KELLY:

And the underlying purpose of the bill is not only to provide notice to the insured, but also to give an opportunity for local dealers to participate on an equal footing with, I'm going to say, other, larger glass dealers. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly, he is absolutely correct. And also, you know, we have always discussed in the Circle what small business means to the State of Connecticut and to our economy. So just levels the playing field for the small business in our state.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President, and Senator Crisco is correct. We -- we recognize that the small business is where jobs are going to be created in the lion's share, it's the backbone of our economy, and certainly wherever we can help small business, that's something I would personally like to do. At this time I have no further questions. Thank you. Will you remark further? Will you remark further? Senator Markley, good afternoon, sir.

SENATOR MARKLEY:

Thank you very much, Madam President. This is an issue that somehow I got drawn into last year, and I've been become perhaps too interested in. And I speak with sympathy for the small businesses which, I think, have indeed struggled against a single large competitor that, it seems to me, has had something of an unfair advantage in terms of steering. I felt last year that the solution that was presented to us was not the proper solution. And

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I'm afraid that I feel like what we have before us this year is roughly the same bill over again. But to give my good friend Senator Crisco a chance to disabuse me of my possible misconceptions, through you, if I may put a couple questions to him.

THE CHAIR:

Please proceed, sir.

SENATOR MARKLEY:

Thank you, Madam President. The Senator said that the purpose of the bill was to prevent steering, which I think is a very proper purpose. But it seems to me now in requiring that two companies or more be named that what we're doing is simply steering to more possibilities than before. And I guess my first question would be simply if we want to prevent steering, why don't we -- why don't we simply pass a bill that says you can't recommend a dealer. You simply say, find somebody to take care of your glass problem and we'll reimburse them. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I respect the inquiry from the good Senator, but basically sometimes you have to look at a glass being half filled or half empty. This will help the consumer be aware of the options out there and they not -- they -- he or she might not be available of the different services that are out there, so this helps them. And if they're not -- it doesn't state that they have to use them. If they're still not satisfied with the information they have the opportunity just to go to the yellow pages, and check the yellow pages, and select any repairer that they wish.

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

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Thank you, Madam President. I would -- I would perhaps return to the heart of my question, which would be to -- perhaps to rephrase it, through you, is would it be possible for us to pass a bill which simply prevented any steering at all in terms of a recommendation for any glass company. Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, I believe this legislation will take care of that.

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

All right, Madam President, thank you very much, and thank you, Senator Crisco, for your answers. I -- I don't think this is the solution to the problem. I don't think it's the proper way to go about it, and I'm afraid that it's not going to produce the effect that is intended by its advocates. That said, let me say sincerely that I hope that it does. I don't want to see these small businesses driven out. I've seen it happen to too many businesses in my lifetime and in my own town. But I think that we're going about it the wrong way in this case, and I do not plan to support this bill. Thank you.

THE CHAIR:

Thank you. Will you remark? Will you remark? If not -- oh, Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. Madam President, the Clerk is in possession of an amendment that I had filed. I am not going to call that amendment and would ask that it be withdrawn. But I do have a question or two through you to the proponent of the bill.

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THE CHAIR:

Please proceed, sir.

SENATOR MCKINNEY:

Thank you, Madam President. Senator Crisco, when a call is made by a customer to get their glass repaired under their glass coverage, as I've learned in meeting with a lot of people on this issue over the last couple of days, oftentimes people will call their insurance company. If it's a glass claim their call will be forwarded to what -- what ends up being the third party administrator for the glass claim, not their insurance company. And they are then -- they would then be informed under this bill that they have their own right to choose a licensed glass shop. Is that correct? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, yes.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

And then -- thank you Madam President. And as I understand it, if the insured were to say -- sorry, let me back up. After they're informed that they have the right to choose their own glass shop, they're then asked if they have a glass shop that they would prefer to use, is that correct? Through you, Madam President.

THE CHAIR:

Senator Crisco.

THE CHAIR:

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Yes, Madam President, through you to the Senator, yes.

THE CHAIR:

Thank you. And Senator, obviously I think I know what happens. If they say yes, I'd like to go to Bob's Auto Glass, they're then forwarded to Bob's Auto Glass. But if they say, I don't know of any auto glass companies, what would you recommend, to the person on the phone or the third party administrator, what -- what would the answer be under this bill? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, the answer will be that there would be at least one or more recommendations for the individual to be serviced.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

And through you, Madam President, they're only required to give at least two names, is that correct? Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

I believe it's at least one or more, at least. They could give two, then they give three, then they give four. But I believe the language is at least one.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

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And -- okay, Madam President. And Madam President, through you to Senator Crisco, if they're given the name of a glass company but the glass company says they can schedule an appointment in a week from now and the insured would say, well, I'd like to do it sooner than that, if that's possible, through you, Madam President, what would the third party administrator say if that question were asked?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Well, I would assume, Madam President, that the third party administrator will tell the claimant that they should check, you know, other sources that are listed, perhaps in the yellow pages, to seek if there's someone else who can accommodate their schedule.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. And Madam President, if they were -- if they were to ask for more than one name would the -- would they be given the names of other glass companies within the area where the insured either lives or works? Through you, Madam President.

THE CHAIR:

Senator Crisco.

THE CHAIR:

Madam President, like other (inaudible) I would assume that the business would offer additional names for service.

THE CHAIR:

Senator McKinney.

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SENATOR MCKINNEY:

Thank you, Madam President. Through you, Madam President, would the -- would the bill allow if the insured called and did not have an auto glass company that it wanted to use, but asked for -- well let me strike that, Madam President.

Senator Crisco, I'm looking at lines 21 through 30 of the bill. And specifically where it talks in line 26, subsection 2C, it says, "the same parent company is such insurance company or claims administrator, unless such representative or claims administrator provides the issued with the name of at least one additional licensed glass shop in the area where the automotive glass work is to be performed." And I guess that's -- that last part leads to an ambiguity that I'm concerned about, where it says, "the name of at least one additional licensed glass shop in the area." And through you, Madam President, it -- is there an understanding for legislative intent what that means in terms of the area?

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the Senator, I assume, you know, an area could be, either, you know, a surrounding towns or it could be the whole State of Connecticut according to our intent on the Insurance Committee to pass the legislation.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

I'm sorry, Madam President, I couldn't hear that last part, I apologize.

SENATOR CRISCO:

Madam President, through you to the Senator, it was the

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intent of the Insurance Committee not to limit the options to the insured to a geographical area, but to an entire geographical area which accommodates the insured.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

So then, through you, Madam President, how -- how does the -- how does the goal and the purpose of Section 2 met if the claims administrator gave an additional licensed glass shop name but it was 50 miles away from where you live. I did not understand that as the intent of the bill.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, he is correct. How we define an area, I would assume, is what is convenient to the owner of the vehicle. So the TPA would have to, within reason, identify another source within the area, which I assume logical to all of us which is convenient to the insured looking for service.

SENATOR MCKINNEY:

Thank you --

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

-- and so Madam President, and I apologize, that's a great -- I appreciate that answer, but I think this is important for intent when we use terms like in the area. So just to make sure, Senator Crisco, if -- if I called from my hometown of Fairfield and I worked in Fairfield so there was no difference geographically between getting my car fixed at my home or my place of employment, and the nearest licensed glass shop was in Bridgeport, if they were

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to give me the name of a glass shop in New Haven, and not the one in Bridgeport, that would be probably violative of the intent of this bill, is that correct? Through you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Yes, Madam President, that is correct. But also let's keep in mind we may have a situation where the insurer may get better service from their place of employment which could be maybe quite a distance from their home, and they may want to have the service done where their place of business is located. But it does help the -- the insured that basically where it's ever convenient to an area adjacent to their residence.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you Madam President. Madam President, the reason why, and Senator Crisco, the reason why I'm focusing on this section, and I think, as Senator Markley pointed out, the goal is to -- is to provide an equal opportunity for all licensed glass shops to pursue their business and perform, you know, their business and get business from people who need glass repaired. And so obviously we're here because there's some fear that the third party claims administrator tends to be controlled by a larger auto glass company that may be, quote, unquote, steering all of the business to that one company. And so in -- in an effort not to have any steering, so that all auto glass companies, big and small, can compete on an equal basis, I think, as Senator Markley pointed out, we end up engaging in steering, but it's a steering to perhaps two companies, not just one.

And Madam President, but I see some problems with the language that if the one company was engaged in steering, I want to make sure that there isn't an easy way to get around the language to prevent them from steering. So I guess I would ask Senator Crisco if he's comfortable that

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this language is written such and the intent is clear that we can prevent that from happening.

For example -- and I think that's the best example I can give you, is that they mention an additional glass company, but it's 40 minutes away or they mention additional glass company, but that glass company can't service them for eight days. But there may be another one in the same area that could service them tomorrow. I guess I would ask him if he's comfortable with that. And then the hypothetical would be what if they gave an additional glass company who could only do the work four, five, six, seven, whatever days later, but there's another glass company in the area that could do the work the next day. Are they required to continue to give additional names so that the insured can get the work done where they want it as soon as possible. Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to the good Senator, I -- I agree with him, and I -- I appreciate his concern for the consumer. And it was the intent of the Insurance Committee, through the leadership of the Chairs and the Ranking Members to give the consumer as much opportunity as possible and to avoid steering that person to a business that they weren't comfortable with. So I thank him for his concern for the consumer and agree with him in regards to his statements.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. Thank you, Senator Crisco. Madam President, I, you know, one of the reasons why I withdrew the amendment is because I don't know -- while I don't know that this language solves the problem, I also understand that, you know, people from different parts of the industry, be it insurance companies or glass companies and the like, have tried to reach some type of an agreement

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here. And I respect the fact that they've done that. Perhaps it's something that neither side is completely happy with.

But I do have some hesitation that in an effort to stop steering, we're allowing steering in a limited fashion, whereas in a perfect world an insured would call up if they did not have a glass shop repair that they wanted to use, they would be informed that there are three, four, five, whatever, glass shops in their area, and they could pick whichever one they wanted. And then perhaps if they said I don't care, you pick whoever, that might be the instance where the third party claims administrator could pick. But I respect the fact that there has been some compromise and agreement on this language, and that's the purpose for my questions. Thank you.

THE CHAIR:

Thank you. Will you remark? Will you remark? Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President. I greatly appreciate the comments of Senator Markley and Senator McKinney, and if for some reason more has to be refined in this issue, I'm sure that Senator Kelly and I will work together to make sure that it gets done. And there's no other comment, may I request a roll call vote, please?

THE CHAIR:

Will you remark? Will you remark? If not, Mr. Clerk will you call for a roll call vote and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Immediate roll call has been ordered in the Senate.
Senators, please return to the Chamber.

THE CHAIR:

Senator Bye.

Senator Kane, Senator Linares. Thank you.

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All members vote, all members vote, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

House Bill 5072.

Total number voting	36
Those who voted Yea	34
Those voting nay	2
Absent not voting	0

THE CHAIR:

Bill passes. Mr. Clerk. Sorry, Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, if the Clerk would mark as the next two items, and if we would call them in that order, the first is on Calendar page 39, Calendar 233, Senate Bill 995 to be followed by Calendar page 46, Calendar 474, Senate Bill 1060. Thank you, Madam President.

THE CHAIR:

Thank you. Mr. Clerk.

THE CLERK:

On page 39, Calendar 233, substitute for Senate Bill Number 995, AN ACT CONCERNING THE COURT SUPPORT SERVICES DIVISION OF THE JUDICIAL BRANCH Favorable Report of the Committee on Judiciary.

THE CHAIR:

Good afternoon, Senator Coleman.

SENATOR COLEMAN:

Good afternoon, Madam President. I move acceptance on Joint Committee's Favorable Report and passage of the bill.