

CAA Considers Action on Non-Compliant Labor Rate Surveys

CAA asks members to file complaints with CDI

The California Autobody Association (CAA) is considering petitioning the California Department of Insurance (CDI) regarding at least two insurer's labor rate surveys that CAA believes do not comply with current regulations.

As you may know, it is the CDI's position that if an insurer does not have a labor rate survey on file with the Department, the insurer has no basis to lower the shop's labor rate if the insurer decides to exercise their legal option to reasonably adjust the shop's estimate.

CAA believes that if an insurer files a labor rate that is not compliant with current regulations, the insurer does not actually have a survey on file, and therefore should be expected to pay the shop's regularly charged retail labor rate.

However, CAA has learned that it is unlikely CDI will take any action unless they receive a substantial number of RFA's (Requests for Assistance) from shops and consumers. These RFA's are public information once they are submitted.

At the very least, shops would be expected to file a Shop RFA against those insurers that CAA believes may have non-compliant surveys on file any time the shop believes their rate has been unreasonably lowered from what they normally charge retail customers.

Preferably, but not required, the shop would assist their customer in also filing an RFA. It is up to the shop as to whether they collect a labor rate difference or write it off as customer goodwill. CAA will supply easy-to-follow guidelines and explanations as to how to fill out the forms.

Shops would not be expected to file RFA's against insurers they have DRP relationships with because DRP shops do not expect retail pricing from their DRP agreements.

Please check the box below that describes your shops position on this issue:

- YES: Our shop is willing to file RFA's against any insurer that CAA believes is using a noncompliant labor rate survey to unreasonably reduce our labor rates.
- NO: Our shop is not willing to file RFA's against any insurer regarding labor rate surveys.

Please add any comments: _____

Shop Name _____ By: _____

CAA also believes that by demonstrating how some insurers violate current labor rate survey regulations, we can show a need for further legislation.

This information will be kept confidential and for internal use.

Please FAX back to 1.916.646-8113 or e-mail katiee@calautobody.com.