

# WISCONSIN INSURANCE ALLIANCE

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## MEMORANDUM

To: Members of the Wisconsin Legislature  
From: Eric Englund  
Date: September 9, 2005  
Re: "Direct Repair Of Automobiles" - What's It All About?

A number of you have recently contacted our office seeking assistance responding to constituent inquiries from auto body shops. Under the captioned of "consumer rights" these auto body shops are raising concerns about methods used by automobile insurers to repair your constituent's automobiles involved in accidents. More specifically, the auto body shops raise concerns about insurance companies "steering" their insured's to specific repair facilities.

## BACKGROUND

Last year Wisconsin consumers spent over two billion dollars to insure their vehicles and were involved in literally hundreds of thousands of incidents that gave rise to the need for their repair.. Automobile insurers seek to provide quality service to your constituents who want their cars repaired quickly and efficiently. Toward that goal, a number of auto insurance companies have evolved various forms of Direct Repair Programs (DRP). While each company's DRP is different, their goals are the same:

- Provide timely repair of damaged vehicles
- Provide quality control in the repair of damaged vehicles
- Provide cost effective repair of damaged vehicles

Insurance companies have developed a variety of programs, which pre-certify repair shops. While consumer surveys of those that participate in DRPs consistently show a high degree of customer satisfaction, there are some auto repair shops that don't like these programs.

Why? While those repair shops can speak for themselves, it appears that their objections include the following:

- They may not be able to charge as much for repairs as they have done previously
- They have not qualified for a specific company's DRP program.

## **DRPs HAVE EVOLVED IN THE COMPETITIVE WORLD OF AUTO INSURANCE IN ORDER TO PROVIDE MORE EFFICIENT, TIMELY AND COST EFFECTIVE OF MOTOR VEHICLES.**

When was the last time you were doing "doors" and someone complained about the quality of the repair of their automobile? It doesn't happen.

If you would like to learn more about DRPs, please feel free to contact this office.