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MEMORANDUM

To: Members of the Wisconsin Legislature

From: Eric Englund

Date: March 13, 2006

Subject: Direct Repair Program Companion Bill – SB 472/AB 827 - Oppose

We strongly oppose SB 472/AB 827, imposing artificial constraints on auto insurers who seek to find more efficient ways to have automobiles involved in accidents repaired.

BACKGROUND

Last year your constituents spent well over \$2,000,000,000 to purchase automobile insurance, much of it being spent by auto insurers to repair vehicles involved in auto accidents.

Auto insurers, who are involved in paying claims for auto repairs, continue to evolve programs, which assures consumers of timely, and quality repairs at competitive cost. Amongst the 200 insurance companies authorized to sell auto insurance in Wisconsin, there are a variety of Direct Repair Programs (DRPs) that have evolved. While each company's DRP is different, their goals are the same:

- Provide timely repair of damaged vehicles
- Provide quality control and repair of damaged vehicles
- Provide cost effective repair of damaged vehicles.

Many of these DRP programs pre-certify repair shops. Consumer surveys of those participating in DRP programs consistently show a high degree of customer satisfaction. SB 472/AB 827 creates an artificial barrier to the continued evolution of these repair programs. These bills are classic "fence me in" legislation for a special interest group that is uncomfortable with the evolution of competition in their business. While these bills are portrayed as providing "consumer choice"...the fine print of the bill sets forth at Sections 2 and 3 mandate a script for insurers, which prohibits them from calling to consumer's attention the availability of DRPs.

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

We respectfully request you oppose SB 472/AB 827.