

SENATE No. 00464

The Commonwealth of Massachusetts

PRESENTED BY:

Michael F. Rush

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act prohibiting auto glass insurance claims third party billers from participating as vendors of auto glass replacement and/or repair services for the same insurance carrier.

PETITION OF:

NAME:

DISTRICT/ADDRESS:

Michael F. Rush

Suffolk and Norfolk

Edward Coppinger

10th Suffolk

SENATE No. 00464

By Mr. Rush, petition (accompanied by bill, Senate, No. 464) of Coppinger and Rush for legislation to prohibit auto glass insurance claims third party billers from participating as vendors of auto glass replacement and/or repair services for the same insurance carrier [Joint Committee on Financial Services].

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act prohibiting auto glass insurance claims third party billers from participating as vendors of auto glass replacement and/or repair services for the same insurance carrier.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Notwithstanding any provisions of any general or special law to the
2 contrary, no company which serves as a third-party biller for a particular insurance company,
3 whether a carrier or an agency, may additionally provide auto glass replacement and/or repair
4 services for such insurance company, whether under its own business entity that it is related to,
5 by either stock ownership, license agreement, franchise agreement, or such ownership by any
6 direct family relative. A third-party biller shall be defined as any person or company who
7 processes, pays or monitors the payment of auto glass claims on behalf of an insurance carrier or
8 insurance agency.

9 SECTION 2 All third-party billers of auto glass claims, or any other party that
10 answers telephone calls from telephone numbers advertised or prescribed by insurance carriers or

11 agents for the purpose of reporting auto glass claims by policyholders or glass companies, must
12 disclose, either by recorded message or live voice from a script at the outset of each telephonic
13 interaction, that the person is not a direct employee of the insurance carrier or insurance agent,
14 and that such third-party biller company is not a subsidiary or division of the insurance carrier or
15 insurance agent.

16 SECTION 3. All third-party billers of auto glass claims must ask in clear language if
17 the policyholder or caller would like to use a particular auto glass company. Such question must
18 be asked before the name of any auto glass service provider company shall be mentioned. If the
19 policyholder or caller mentions the name of any auto glass service company, such mention shall
20 constitute “customer choice,” and the name of no other auto glass service company shall be
21 introduced by the person or automated voice during the entirety of the telephonic interaction. In
22 the course of, or following a policyholder’s call to report an insurance claim for auto glass loss or
23 damage, no third-party biller may authorize any employee or independent contractor to forward
24 any information gathered during such call, including but not limited to the name of the
25 policyholder, the year, make and model of the policyholder’s vehicle, and the location of said
26 vehicle, to any glass company other than the glass services company with which the claim
27 fulfillment has been agreed to and scheduled with, between the policyholder and the third-party
28 biller. Such methods of forwarding policyholder information shall include, but not be limited to,
29 telephonic links, direct telephone calls, transmission by facsimile, transmission by electronic
30 mail, or any other method.

31 SECTION 4. Privacy of Proprietary Customer Information.

32 No third-party biller and/or auto insurance carrier shall forward to any policyholder any
33 letter or notification that said policyholder's claim for auto glass loss or damage was settled for a
34 price that exceeded the expressed or inferred price, by any auto glass service company, unless
35 such price, in fact, did exceed said expressed or inferred price in effect at the time of such claim
36 settlement. Further, no auto glass service company shall receive and/or utilize any information
37 gathered by a third-party biller, in the administration of its responsibilities to issue verification of
38 auto glass loss or damage claims, for its use in any marketing efforts, to discredit and/or
39 disparage any trade practices of any other auto glass service company, expressed or implied, and
40 enter into its database any vital information of any claimant for any future use.

41 SECTION 5. No employee or independent contractor of any third-party biller of auto
42 glass claims, insurance carrier, and/or insurance agency shall offer any information regarding the
43 quality of workmanship, warranties and/or guarantees, or any possibility of additional costs to
44 the insured during any telephonic interaction, unless the employee or independent contractor
45 holds a permanent license as an insurance adjuster or auto damage appraiser in the
46 Commonwealth of Massachusetts, and that such license is in full force at the time of the
47 telephonic interaction. In the event that such employee or independent contractor holds a
48 permanent license as an insurance adjuster or auto damage appraiser in the Commonwealth, and
49 duly discloses the license number to the caller, the information concerning workmanship,
50 warranties and/or guarantees, or the possibility of additional costs to the insured by any specific
51 auto glass service provider must be based on verifiable facts, duly noted, held in electronic
52 information systems, and accountable for substantiation to the person holding such license.

53 SECTION 6. All third-party billers providing any auto glass claims-related services to
54 insurance companies that offer policies of insurance in the Commonwealth of Massachusetts

55 shall file annually on March 31st with the Office of the Insurance Commissioner, all auto glass
56 claims-related contracts in force with each specific insurance company, either carriers or
57 producers, which delineate the provisions of the business relationship, excluding the amount of
58 payment and/or consideration provided for third-party billing services. The Commissioner of the
59 Division of Insurance shall promulgate rules and regulations for the administration and
60 enforcement of this section, and shall create and make available all required forms for such
61 reports.

62 SECTION 7. Each violation of Section 1 of this act shall result in a fine of \$1,000.00,
63 to be paid by the insurance carrier or insurance agency that utilizes the services of a third-party
64 biller. Each glass claim completed in contradiction with the letter and/or intent of Section 1 shall
65 constitute one violation. Allegations of violations shall be reported to the Office of the Insurance
66 Commissioner who shall have the authority to levy such fine(s). Such fines shall be collected by
67 the Division of Insurance and deposited in a retained revenue account to be used by the division
68 to carry out the enforcement of this act. Furthermore, the Division of Insurance shall create and
69 make available forms for reporting such violations of this section. Any violations Section 1 are
70 subject to the provisions of Chapter 93A.

71 SECTION 8. Each violation of Section 2, Section 3, and/or Section 5 of this act, shall
72 result in a fine of \$500.00, to be paid by the third-party biller or other offending company or
73 person. Each glass claim completed in contradiction with the letter and/or intent of Section 1
74 shall constitute one violation of Section 2, Section 3, and/or Section 5 of this act. Allegations of
75 violations shall be reported to the Office of the Insurance Commissioner who shall have the
76 authority to levy such fine(s). Such fines shall be collected by the Division of Insurance and
77 deposited in a retained revenue account to be used by the division to carry out the enforcement of

78 this act. Furthermore, the Division of Insurance shall create and make available forms for
79 reporting such violations of each of these sections. Any violations Section 2, Section 3, and/or
80 Section 5 are subject to the provisions of Chapter 93A.

81 SECTION 9. Each violation of Section 4 shall result in a fine of not less than
82 \$1,000.00, to be paid by the insurance carrier or insurance agency that utilizes the services of a
83 third-party biller. Each glass claim completed in contradiction with the letter and/or intent of
84 Section 4 shall constitute one violation. Allegations of violations shall be reported to the Office
85 of the Insurance Commissioner who shall have the authority to levy such fine(s). Such fines shall
86 be collected by the Division of Insurance and deposited in a retained revenue account to be used
87 by the division to carry out the enforcement of this act. Furthermore, the Division of Insurance
88 shall create and make available forms for reporting such violations of this section. Any violations
89 Section 4 are subject to the provisions of chapter 93A.

90 SECTION 10. Each violation of Section 6 of this act shall result in a fine of not less
91 than \$5,000.00 per incident. Failure to file the statement of ownership shall constitute one
92 incident. Failure to file an agreement and/or agreements with one insurance company or
93 insurance agency also shall constitute one incident. Failure of any third-party biller to file three
94 or more statements of ownership and/or agreements during one filing period may be deemed a
95 pattern of non-compliance, at the sole discretion of the Commissioner of Insurance. In the event
96 the Commissioner deems that a pattern of non-compliance exists, then the Commissioner shall
97 forthwith send notice of such pattern of non-compliance to the third-party biller and send an
98 additional copy of such notice to any insurance company and/or insurance agency that is known
99 to utilize the services of such third-party biller. During the thirty (30) days immediately
100 following such notice to the third-party biller, such third-party biller shall have the opportunity to

101 submit all filings listed in the notice. If the third-party biller does not submit appropriate and
102 conforming filings within such thirty (30) day period, then the Commissioner of Insurance shall
103 levy a fine of not less than \$25,000.00 in addition to the fines for each filing not submitted in a
104 timely manner. Such fines shall be collected by the Division of Insurance and deposited in a
105 retained revenue account to be used by the division to carry out the enforcement of this act.