

COMMONWEALTH OF VIRGINIA



STEVEN T. FOSTER
COMMISSIONER OF INSURANCE

Box 1157
RICHMOND, VA 23209
TELEPHONE: (804) 786-3741
TDD/VOICE: (804) 225-3806

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

ADMINISTRATIVE LETTER
1991 - 12

October 31, 1991

TO: ALL PROPERTY AND CASUALTY INSURERS

RE: UNFAIR TRADE PRACTICES CONCERNING AUTOMOBILE GLASS
CLAIMS

It has recently come to the attention of the Bureau of Insurance that many insurers are directing insureds with glass claims to particular glass shops or glass networks for repairs or glass replacement. Some insurers have instructed their agents and adjusters to require policyholders to use certain glass shops or networks.

Discounts historically have been given by glass shops on insurance claims, but recently closer affiliations have developed between insurance companies and certain glass repairers or glass networks to reduce claim costs. Reductions in claim costs are reflected in premiums and obviously benefit policyholders.

Insurers should not, however, overlook the fact that policyholders cannot be required to utilize the services of a certain glass repairer or network of repair shops. Automobile standard forms approved for use in Virginia by the State Corporation Commission do not contain provisions which allow the insurer to select the repair facility. Policy provisions only address the cost of repair or replacement. If a policyholder chooses a glass repairer whose charges are competitive, the insurer may not refuse to pay for the repairs solely because the repairer is not on the insurer's list of preferred shops or a member of a certain glass network.

Insurers who take reasonable steps to reduce claim costs by arrangements with preferred shops or glass networks will not be subjected to criticism. Those insurers unreasonably refusing to honor competitive repair bills, however, may be considered in violation of Virginia Code Section 38.2-510 relating to unfair claim settlement practices.

Sincerely,

A handwritten signature in black ink, appearing to be 'S.T. Foster', written over a horizontal line.

Steven T. Foster
Commissioner of Insurance

STF:dw