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BULLETIN 2013-4 **MISSISSIPPI DEPARTMENT OF INSURANCE**

AUTOMOBILE DAMAGE REPAIRS AND BILLING **May 10, 2013**

After the March 18, 2013, severe hailstorms hit the Jackson metropolitan area, an unusually large number of automobile claims were filed with insurance companies. The Mississippi Insurance Department ("MID") has received complaints from some policyholders and auto body repair shops concerning issues related to the repair of insured vehicles. Therefore, MID is issuing this Bulletin to provide insurance companies and their adjusters with information regarding the handling of these automobile claims.

Insurance policies basically provide that in the event of a covered loss, the insurance company will indemnify policyholders. To properly repair the vehicle, adjusters and auto body repair shops will often refer to the nationally recognized automobile repair manuals and/or software ("manuals") to determine the repairs that are necessary.

MID has become aware that there have been issues between adjusters and auto body repair shops regarding specific repairs that are considered necessary by these manuals. Specifically, there have been issues regarding the coverage of feathering, prime and block of damaged vehicles. Currently, this repair is considered necessary by these manuals, and it is the opinion of MID that, when necessary in view of the damage, this is a repair that should be covered by insurance companies.

In discussions with company representatives, it has become apparent to MID that insurance companies also generally agree that this repair is a necessary repair. However, company adjusters have been questioning the inclusion of the charge as a separate item on auto body repair shop billing statements. After having further discussions with company representatives and auto body repair representatives, it appears that the issue is not a coverage issue, but instead, a billing issue.

Some adjusters have questioned why this particular charge is broken out of the paint/materials rate in the repair estimate. However, at a 2006 Collision Industry Conference, the industry recommended that this charge be itemized separately, as stated here:

"The repair process associated with damaged painted body panels typically involves multiple operations; body repair, feather, prime, block and refinish. The body repair

process includes metal finishing and/or the use of body fillers to return the body panel to its undamaged contour. The repaired area is finished to 150 grit and free of surface imperfections. Feather, prime and block are not included refinish operations that complete bodywork repair from 150 grit smoothness to the condition of a new undamaged panel. The refinish process starts at the condition of a new undamaged panel and is outlined and documented in printed and/or electronic time guides. The body/paint labor and materials necessary to prepare the repaired area from 150 grit to the condition of a new undamaged part is a valid and required step in the process. The labor and material allowance for these operations requires an on the spot evaluation of the specific vehicle and damage.”

Therefore, MID directs insurance companies to inform their adjusters to review billing statements and approve any repairs and charges necessary to indemnify policyholders, including appropriate charges for feathering, prime and block of damaged vehicles, whether discovered as part of the written estimate or as part of the repair process. With respect to feathering, prime and block procedures, appropriate charges should be approved whether included in the paint/materials rate or broken out as a separate charge.

In addition to ensuring that policyholders are treated fairly with respect to the payment of claims, MID also has a duty and responsibility to ensure that insurance rates remain fair and reasonable for all Mississippi policyholders. Consequently, MID wishes to make clear that by issuing this Bulletin, it is not encouraging payment for repairs that are not necessary, appropriate or covered under the insurance contract.

If there are any questions concerning this Bulletin, please contact MID representatives at (601) 359-3569.


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