



COLLISION INDUSTRY

C O N F E R E N C E



Governmental Committee

Presented by:
Darrell Amberson, Chair
Bob Redding, Vice-Chair
Janet Chaney, Vice-Chair



COLLISION INDUSTRY
CONFERENCE



State v. Federal Insurance Regulation

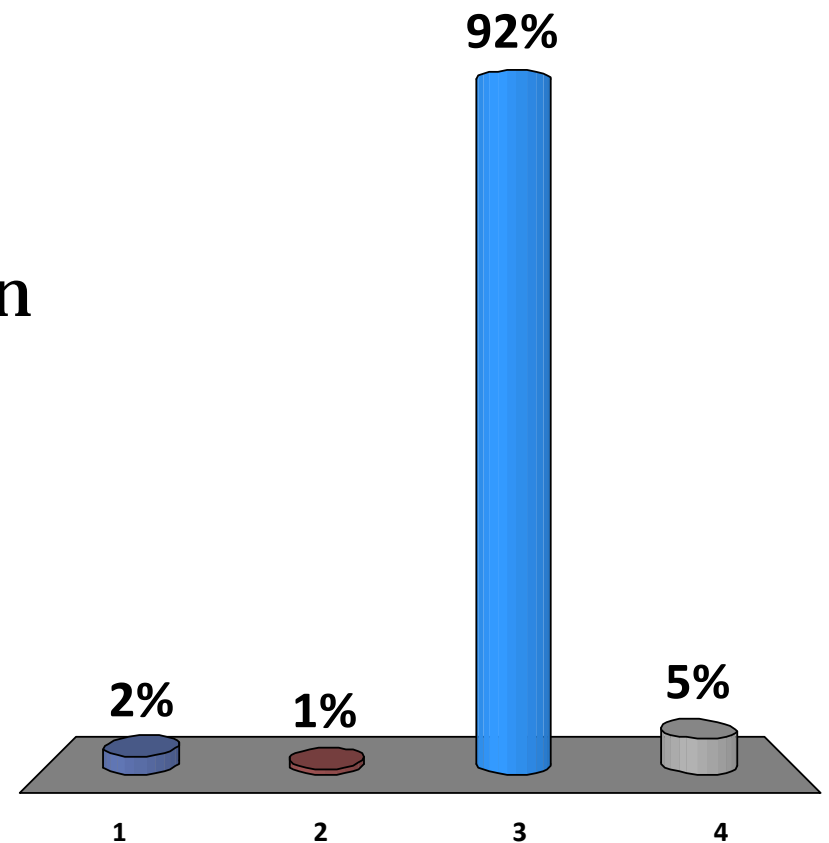
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AUDIENCE RESPONSE QUESTION:



McCarran-Ferguson is...

1. A farm equipment manufacturer
2. A medical procedure
3. An act that regulates certain federal antitrust laws
4. The Pittsburgh Pirates' shorstop

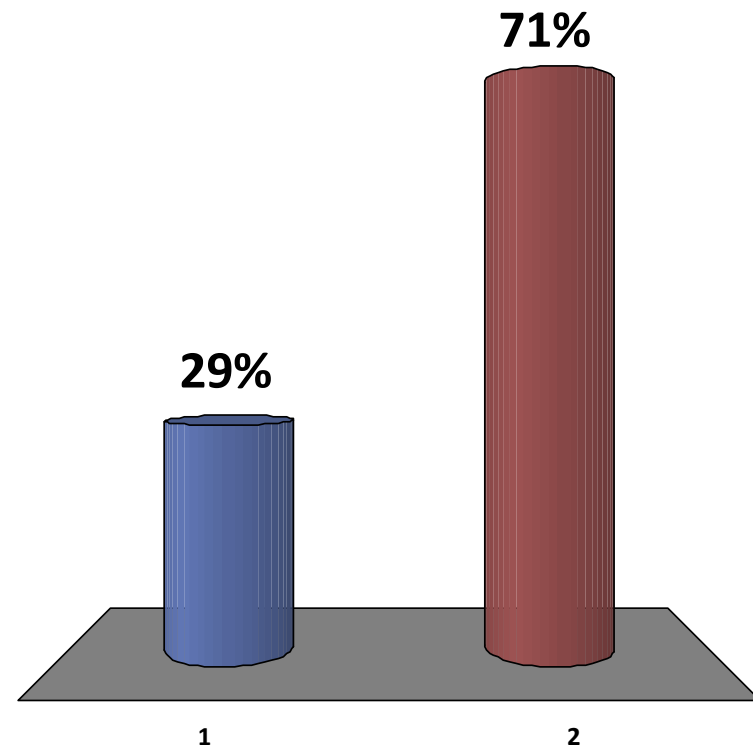


AUDIENCE RESPONSE QUESTION:



True / False: The Federal Insurance Office is the primary leasing entity for federally owned lands.

1. True
2. False



Governmental Committee Members



- **Darrell Amberson, Chair, Lametty's Collision**
- **Bob Redding, Vice Chair, Automotive Service Association**
- **Janet Chaney, Vice Chair, Cave Creek Business Development**
- **Brandon Thomas, GMG EnviroSafe, Inc**
- **Jeanne Silver, CARSTAR Mundelein**
- **John Eck, General Motors**
- **Russell Thrall, Collision Week**
- **Stephan Regan, Regan Strategies**
- **Steve Daniel, Lametty's Collision**





Moderator, Mr. Bob Redding, ASA



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McCarran-Ferguson Act



- Since its passage in 1945, the McCarran-Ferguson Act has provided insurance companies a “limited” exemption from federal antitrust laws that apply to most other industries.
- The Act stipulates that federal antitrust law applies to the “business of insurance” only to the extent that such business is not regulated by state law.
- Efforts to overturn McCarran have failed repeatedly as insurers have fought diligently to prevent the repeal.
- Recently, the House of Representatives voted to pass H.R. 372, also known as the Competitive Health Insurance Reform Act of 2017, which would close the longstanding antitrust immunity granted to health insurance companies.



The Federal Insurance Office (FIO)



- The Dodd-Frank Wall Street Reform and Consumer Protection Act, H.R. 4173, was signed into law in July 2010.
- Title V in Dodd-Frank included a requirement for the creation of the Federal Insurance Office (FIO). The purpose of the FIO is to review international insurance agreements and monitor the industry from a federal level.
- While the FIO serves a regulatory agency, its authorities do not displace state insurance regulatory powers.

Panelists



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Consumer Liaison
Pennsylvania Insurance Department



Brooke Stringer

Financial Policy and Legislative Adviser
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pennsylvania
INSURANCE DEPARTMENT

TOM WOLF, GOVERNOR | TERESA D. MILLER, COMMISSIONER

Collision Industry Conference



COLLISION INDUSTRY
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pennsylvania
INSURANCE DEPARTMENT

What do you think we do?



We...

- Regulate the 5th largest insurance market in the country and the 14th largest insurance market in the world
- Provide safe guards related to the solicitation and sale of insurance products and services
- Closely monitor the financial stability of insurance companies to minimize insurance insolvencies
- We provide a fair regulatory environment that encourages insurance companies to conduct business in PA.
- We provide the public with insurance information, education and complaint resolution services.

We also...



- Share in the responsibility to implement aspects of the Affordable Care Act
- Administer special funds like...
 - Medical Care Availability and Reduction of Error Fund (McARE)
 - The Catastrophic Loss Benefits Continuation Fund
 - The Underground Storage Tank Indemnification Fund

What's new?



- **Act 13 of 2016**
 - **Amended the Appraiser Act**
 - ✦ Appraiser may use photographs, videos or telephonic means to prepare an estimate
 - May NOT require the submission of photographs/videos in order to obtain an appraisal
 - Must be disclosed that there is no requirement of the owner to submit photographs or videos in order to obtain an appraisal
 - ✦ Supplements can be complete in person or by photograph, videos, telephonic means
 - If there are disputed repairs a personal inspection shall be required

What's new?



- **Autonomous Vehicle Task Force**
 - Here are some of the questions we are pondering:
 - ✦ What happens if a human operator is seated in a HAV (highly automated vehicle) with traditional controls? (steering wheel, pedal, brake pedal, etc...)
 - ✦ Who is liable for accidents?
 - ✦ What are the minimum liability insurance requirements for testers?
- The future of automobile insurance in a driverless society is anyone's best guess right now.

Let's talk Steering



- The choice of where a vehicle is repaired is up to the owner of the vehicle.
- We recommend the following questions to be asked by consumers:
 - How long has the shop been in business?
 - What is the shop's reputation in the community?
 - Does the shop offer a lifetime warranty?
 - Has the shop worked with your insurance company in the past?

Let's talk Aftermarket Parts



- PA law permits the use of non-OEM/aftermarket parts but “operational safety of the vehicle shall be paramount in considering the specification of parts.”
- If aftermarket parts are included in the appraisal, it must include a statement that the appraisal has been prepared based on the use of aftermarket crash parts, and that if the use of these parts voids existing warranty on the part being replaced, and the aftermarket crash part shall have a warranty equal to or better than the remainder of the existing warranty.

The PA Insurance Department



- For more information, visit us on our homepage, www.insurance.pa.gov
- Be sure to Follow and Like Us on Facebook and Twitter
 - [Facebook.com/PAInsuranceDepartment](https://www.facebook.com/PAInsuranceDepartment)
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C O N F E R E N C E



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State Based Insurance Regulation



- For nearly 150 years, state insurance regulators have effectively supervised insurance:
 - ensuring stable and competitive markets;
 - facilitating the fair and equitable treatment of consumers; and
 - overseeing the financial strength of the insurance industry.



State Based Insurance Regulation



- Accessible, accountable, and responsive.
- Strong track record, particularly during the financial crisis when the insurance sector remained relatively stable compared to other financial sectors.
- Protects consumers while continuing to evolve to help foster the largest, most competitive insurance market in the world.

2015 Premium Volume Worldwide



Rank	Jurisdiction	Premium (Millions US\$)	Market Share
1	United States	\$2,027,687	38.51%
2	Japan	\$449,707	8.54%
3	China	\$386,500	7.34%
4	United Kingdom	\$320,176	6.08%
5	France	\$230,545	4.38%
6	Germany	\$213,263	4.05%
7	Italy	\$165,037	3.13%
8	South Korea	\$153,620	2.92%
9	Canada	\$114,968	2.18%
10	Taiwan	\$95,979	1.82%



The Role of the NAIC



- Created in 1871 by state insurance regulators to facilitate regulation of multi-state insurers.
- Standard-setting and regulatory support organization governed by the chief insurance regulators of the United States.
- Represents the collective views of state insurance regulators domestically and internationally.

NAIC Auto Insurance Working Group



- Comprised of regulators from 22 states.
- Reviews issues related to low-income households and the auto insurance marketplace.
- Recently directed the NAIC to begin data collection for market assessment of the auto insurance industry.

Rightsizing the Federal Role in Insurance



- Congress has repeatedly recognized the success of state regulation and largely deferred to it.
- 2010 Dodd-Frank Act reshaped existing federal powers and created new authorities.
- Changes are now needed to better respect the role and strength of the states in regulating insurance, to clarify limited areas of federal involvement, and to eliminate redundant activity.

Rightsizing the Federal Role in Insurance



- **Eliminate the Federal Insurance Office**
 - unnecessary federal entity.
 - information gathering authorities are redundant.
 - not necessary as a standalone systemic risk monitor for the insurance sector.
- **Establish guardrails around Federal Reserve supervision of insurance companies.**