



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

THIS BULLETIN HAS BEEN RENUMBERED TO "BULLETIN IC-32"

Bulletin No. IC- 34

July 16, 2013

**To: ALL COMPANIES LICENSED IN THE STATE OF CONNECTICUT TO WRITE
AUTOMOBILE LIABILITY AND AUTOMOBILE PHYSICAL DAMAGE INSURANCE**

Re: MOTOR VEHICLE PHYSICAL DAMAGE APPRAISERS

The Insurance Department issues this bulletin in light of the recent inquiries received concerning the Department's position on auto body repair labor rates and concerns about the possibility that recent developments relating to the authority of motor vehicle physical damage appraisers may increase repair costs and adversely impact the premiums paid by Connecticut automobile insurance policyholders. The Department reiterates that it has no statutory or regulatory authority to regulate or otherwise fix or set hourly labor rates charged by or paid to auto body repair shops.

Motor vehicle physical damage appraisers are licensed by the Insurance Commissioner under the authority of Connecticut General Statutes section 38a-790. Pursuant to this statute, regulations have been adopted concerning the methods by which licensees shall conduct their business. Section 38a-790-8 of the Regulations of Connecticut State Agencies states:

"Every appraiser shall: (1) Conduct himself in such a manner as to inspire public confidence by fair and honorable dealings; (2) approach the appraisal of damaged property without prejudice against, or favoritism toward, any party involved in order to make fair and impartial appraisals; (3) disregard any efforts on the part of others to influence his judgment in the interest of the parties involved; (4) prepare an independent appraisal of damage. No appraiser shall: (A) Receive directly or indirectly any gratuity or other consideration in connection with his appraisal services from any person except his employer or, if self-employed, his customer; (B) traffic in automobile salvage if such salvage is obtained in any way as a result of appraisal services rendered by him."

Following the adoption of this regulation, the Department has consistently interpreted the provisions of this section as not encompassing the determination of labor rates or the process by which hourly labor rates are negotiated under the authority of the motor vehicle physical damage appraiser license. As this office has noted in a previous letter on this subject dated September 27, 2007 from Commissioner Sullivan to Attorney General Blumenthal:

"...The appraiser does not have any authority, pursuant to his license, to establish a labor rate for auto body repair work. Appraisers do not have particular expertise in the economics and development of labor rates and those matters are not part of their

licensing qualification. Their expertise is limited to an assessment of the auto parts in need of repair and the number of hours to do the auto body repair job. The rate at which a body shop is to be paid is handled by negotiations between the insurer and the body shop... The Code of Ethics as described above [Section 38a-790-8] must be analyzed consistent with the work the motor vehicle physical damage appraiser is licensed to perform and consistent with its enabling legislation that specifically contemplates an appraiser operating on behalf of an insurance company.”

In January 2007 the Department posted on its website suggested guidelines to advise insurers and auto body repair shops on what the Department considers to be the "best practices" with regard to the determination of such labor rates as justified by market conditions. Any insurance company employee who determines labor rates for repairs for automobile physical damage claims, whether a licensed appraiser or not, are encouraged to refer to such guidelines at: [Guidelines Concerning Labor Rates](#).



Thomas B. Leonardi
Insurance Commissioner