



Senate of Pennsylvania

September 17, 1999

Honorable John R. McGinley, Chairman  
Independent Regulatory Review Commission  
14<sup>th</sup> Floor, Harristown 2  
333 Market Street  
Harrisburg, Pennsylvania 17101

Subject: Motor Vehicle Physical Damage Appraisers Act  
Regulation #11-149

Dear Chairman McGinley:

The above captioned, final-form regulations are currently before the Independent Regulatory Review Commission (IRRC). As Majority and Minority Chairmen of the Senate Banking and Insurance Committee, we would like you to take the following comments into consideration as you conduct your review.

First, we would like to commend the Insurance Department for developing a task force, which included a wide range of individuals, to review and make recommendations on the revised regulations. However, there continues to be several areas of concern that remain unresolved, primarily the use of non-OEM parts and the use of preferred auto body repair shops. In the "Preamble" to the regulations, the Department indicates the statutory constraints they faced in addressing these two issues. We would like to ensure that these regulations do not change existing statutory law as it pertains to use of preferred repair shops and non-OEM parts. If it is determined that the Department is bound by statutory constraints, and the consumer is placed at risk, then the Banking and Insurance Committee may need to conduct its own investigation of these matters.

There have also been a number of questions raised regarding the insertion and removal of language referencing third party dispute resolution clauses that are contained in some automobile insurance policies. We would like to ensure that it is in the consumer's best interest to remove this proposed language from the final form regulations.

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Since several senators have raised these concerns, we therefore wanted to alert the Commission to the differing views on the impact of the pending regulations. We ask that the Commission thoroughly review these issues to ensure that the consumer receives the full protection the Appraiser Act is intended to provide.

We appreciate your attention to these issues.

Sincerely,



Jay Costa, Jr.  
Minority Chairman  
Banking and Insurance Committee



Edwin G. Holl  
Majority Chairman  
Banking and Insurance Committee

EGH/msg/tam

cc: Robert E. Nyce