



South Carolina Department of Insurance

300 Arbor Lake Drive, Suite 1200
Columbia, South Carolina 29223

Mailing Address:
P.O. Box 100105, Columbia, S.C. 29202-3105
Telephone: (803) 737-6223

MARK SANFORD
Governor

ELEANOR KITZMAN
Director of Insurance

BULLETIN NUMBER 2005-03

(Issued upon December 16, 2005)

To: Property and Casualty Insurers Writing Automobile Insurance

From: Eleanor Kitzman 
Director

Subject: Improper Claims Handling Practices Related to Automobile Glass Replacement or Repair

Recently, concerns have been raised regarding the handling of claims involving the repair or replacement of automobile glass. Specifically, allegations of unfair trade practices have been made, including, but not limited to: timely payment of claims; equitable settlement of claims; coercing, compelling or otherwise steering claimants to employ the services of certain repair facilities and exclusion of some glass repair or replacement vendors from participating in network arrangements. The purpose of this Bulletin is to clarify the Department's position with respect to these issues.

Under South Carolina law, a claimant under an automobile insurance policy is free to have vehicle repairs, including glass repair or replacement, made by the vendor of his or her choice. *See S.C. Code Ann. §38-59-10 et seq. (2002)*. Nothing prohibits an insurance company from entering into an agreement or agreements with automobile glass repair or replacement facilities for the purpose of containing the cost of automobile glass repair or replacement claims. However, automobile glass repair facilities which have not entered into such agreements but which otherwise qualify for network participation should not be unreasonably restricted from participating in such networks or performing automobile glass repair or replacement under claims handled by such networks.

To that end, an insurer, its agents or adjusters shall not:

- (a) Require any claimant to use a particular company or location for the provision of automobile glass replacement or glass repair services or glass products which shall be replaced, repaired or provided in whole or in part under the terms of an insurance policy. Nothing herein precludes an insurer from filing for Department approval a policy provision containing such a provision in consideration for a reduction in premium.
- (b) Engage in any act or practice of intimidation, coercion or threat against any policyholder to use a particular company or location to provide automobile glass replacement or repair services or products insured in whole or in part under the terms of an insurance policy.

Failure to comply with this Bulletin may result in the issuance of a cease and desist order, imposition of fines and/or suspension or revocation of a license to transact insurance business in this State, pursuant to Section 38-59-30 (related to improper claims practices) and/or other provision of state law as applicable.

The contact person for this Bulletin is Jim Byrd, Program Manager, Consumer Services, P. O. Box 100105, Columbia, SC 29202; phone: 803.737.6180, jbyrd@doi.sc.gov.