

Can an Auto Body Repair Shop Negotiate Claims with a Customer's Insurance Company?

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As an auto body shop owner, manager, or worker, you may have wondered whether your shop can negotiate directly with a customer's insurance company on their behalf. The answer depends on various factors, including the legal framework governing insurance claims, the relationships between parties involved, specific state regulations, and the content of the discussions with the insurance company. In this article, we'll break down the key considerations to help you navigate these conversations.

When a customer's vehicle is damaged in an accident, they typically file a claim with their insurance company to cover the cost of repairs. The repair shop often plays a crucial role in this process by providing repair estimates and completing the actual repair work. However, the question arises: can a repair shop directly negotiate with the customer's insurer over the settlement of that claim?

Legal Restrictions in Ohio

Legal restrictions can vary state by state. In Ohio, the regulations governing whether an auto body repair shop can negotiate claims directly with a customer's insurance company are primarily governed by the Ohio Bureau of Motor Vehicles (BMV), the Ohio Motor Vehicle Repair Board, the Ohio Department of Insurance (ODI) and the Ohio Revised Code (ORC). These rules and regulations are designed to ensure fairness in the claims process and to maintain the integrity of the relationship between insurance companies, repair shops, and policyholders.

Communication vs. Negotiation

In general, auto body shops are not authorized to negotiate claims in the same way that an adjuster or claims representative employed by the insurer would. Doing so would be in violation of Ohio's Public Insurance Adjustor laws specifically outlined in Chapter 3951 of the Ohio Revised Code. These laws stipulate that only licensed public insurance adjustors are permitted to negotiate or settle claims on behalf of the policyholders. The insurance company has a responsibility to the policyholder (the customer) and usually has the final say on claim payouts based on the policy's terms, conditions, and the shop's estimates. However, this situation is more complicated than it may seem.

While you might not be able to negotiate claim amounts like an insurance adjuster, your shop can certainly communicate with the insurer. Many repair shops choose to work closely with insurance companies to provide estimates and discuss details of repairs to keep them informed of the

estimates and ongoing repairs. Some insurers will even have preferred repair networks, and shops within these networks may receive referrals directly from the insurer.

What's Not Allowed:

- **Negotiating the Claim Settlement:** The repair shop cannot negotiate the overall claim settlement with the insurer on behalf of the customer. This means repair shops cannot argue for a change in the settlement amount or about decisions surrounding the policy coverage.
- **Acting as a Representative:** The repair shop cannot act as a stand in for the policyholder in the claims process. Repair shops are typically not intended beneficiaries of automobile insurance contracts meaning they have no right to enforce a policy contract requirement running from the insurer to the insured.

What's Allowed:

- **Scope of Repairs:** It's acceptable for the repair shop and the insurance adjuster to discuss the scope of repairs and whether the damage is consistent with the initial estimates.
- **Repair Costs:** Communicating about repair costs is common. For example, the repair shop might propose a higher price than originally estimated due to unforeseen damage or more extensive work required.
- **Providing Documentation:** The repair shop may provide documentation to the insurer to support the repair estimate, such as photographs, parts pricing, labor hours, or technical reasons why certain repairs are necessary.

In essence, auto body shops in Ohio can help facilitate the claims process by providing repair estimates and working with the insurer on pricing for repairs. However, they cannot act as a public adjuster and try to influence the coverage decision or final settlement amount to the insured.

Best Practices for Auto Body Shops

1. **Provide Accurate Estimates:** Ensure that estimates for repairs are thorough and accurate. A detailed estimate is crucial for insurance companies to determine the cost of repairs and process the claims. Documentation, photos, updated repair procedures, and written authorization forms from your customers all help to ensure a more accurate and comprehensive file.
2. **Maintain Clear Communication:** If issues arise during the repair process that could affect the cost, be proactive in communicating with your customer and the insurer.
3. **Understand DRP Agreements:** If your shop is part of a Direct Repair Program with an insurer, make sure you fully understand the terms of the agreement and the scope of your role. Even within these programs, your shop cannot negotiate claim settlements on behalf of the customer.
4. **Have Standardized SOPs:** Repeatable standard operating procedures can improve the accuracy and reliability of your work, leading to better communication with insurance companies and more efficient handling of customer claims.

Conclusion

In Ohio, the role of the repair shop is primarily to assist with providing estimates, completing the repairs, and communicating with the insurer regarding necessary repair work. It's important to remember that the repair shop selected by the customer is ultimately working for the customer, not the insurance company. Consequently, any gaps or omissions in the insurance policy concerning repair procedures may become the customer's responsibility to address.

By following state laws and maintaining open lines of communication with both your customers and their insurance companies, you can ensure that the repair process is as smooth and compliant as possible. If you have questions about how your shop can engage with insurance claims or need guidance on specific regulations, consulting with a legal professional experienced in insurance and repair shop laws can help you navigate these complex issues.