

OIC Rules Coordinator

From: Collision Consulting <info@ccofwa.com>
Sent: Sunday, October 5, 2025 9:54 AM
To: OIC Rules Coordinator
Subject: Rules Coordinator Comments and documents
Attachments: OIC fines Allstate for WAC & RCW violations.pdf; CCofWA comments to OIC_revised_with_Exhibits.pdf; cd2000_decree highlighted.pdf

Importance: High

External Email

Dear rules coordinator,

I respectfully submit my comments to the OIC. See attached documents.

I am providing a document from the OIC and the following comments as a supplemental to my letter to the rules coordinator.

The OIC investigated Allstate insurance from a case I worked in Spokane in 2023 where Allstate was fined for lying about the insurance policy appraisal provisions among other things. Please add these notes to the file that the false statements and misrepresentations from Allstate that I have documented in my comments document from June of 2025 are also from an auto claim in Spokane Washington at the same auto repair facility as the consent order 24-0051 occurred. That is to say that the OIC's investigation, fines and market conduct examination against Allstate, and fines levied, made NO difference to Allstate's claims handling. This information is evidence that Allstate continues to violate Washington unfair claims rules with flagrant disregard to the investigations previously made by the Office of Insurance Commissioner.

I have some supporting documents that are likely to large to email, so I put a link to them in our drop box folder. Would you please confirm that you were able to access and print these documents.

<https://www.dropbox.com/scl/fi/ifjthqz6awxi12v9xz62p/Post-Collision-Repair-Inspection-Case-Findings.pdf?rlkey=opr6ooohxyegd08jz41w6gl63&st=pk9ky01j&dl=0>

Respectfully,

Jeff Butler, AIC | Public & Independent Adjuster WAOIC #1098364
Vehicle repair expert | Automobile appraiser | ASE Master Technician



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**STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER**

In the Matter of

**ALLSTATE FIRE AND CASUALTY
INSURANCE COMPANY,**

Authorized Insurer.

Order No. 24-0051

WAOIC No. 1091

FEIN: 94-2199056

CONSENT ORDER LEVYING A FINE

This Consent Order Levying a Fine (“Order”) is entered into by the Insurance Commissioner of the state of Washington (“Insurance Commissioner” and “OIC”), acting pursuant to the authority set forth in RCW 48.02.060, RCW 48.05.140, and RCW 48.05.185, and Allstate Fire and Casualty Insurance Company. This Order is a public record and will be disseminated pursuant to Title 48 RCW and the Insurance Commissioner’s policies and procedures.

BASIS:

1. Allstate Fire and Casualty Insurance Company (“the Company”) is an authorized insurer, domiciled in Illinois, admitted in Washington since August 15, 1980. It issues casualty, marine, property, surety, and vehicle insurance.
2. The OIC received a complaint from a consumer (“the Complainant”) on May 23, 2023, stating that the Company mishandled the Complainant’s auto policy claim after an accident by giving a low estimate for repairs compared to the repair shop, by incorrectly stating that the right to appraisal could not be invoked after repairs had been made, and by not timely conducting the appraisal process.
3. On January 26, 2023, the Complainant reported a loss to the Company after a car accident. In a June 14, 2023, letter to the OIC, the Company stated that on January 26, 2023, an estimate of \$3,692 was made based on photos of the Complainant’s vehicle and a check was issued on February 2, 2023, to the repair shop. A supplemental estimate was done on March 24, 2023, and an additional payment of \$5,124 was made to the repair shop. The Company stated that there were additional items in the repair shop’s supplemental estimate that are “unsupported and/or customary to the local market, labor rates

higher than the prevailing local market and new OEM parts.” The Company notified the Complainant that they could not reach an agreement with the repair shop. The Complainant then told the Company that they would like to invoke the Right of Appraisal. The Company advised the Complainant, in a written letter dated March 31, 2023, of the Right to Appraisal clause within their policy. The Company further advised the Complainant that if they chose to invoke this clause, they should contact the Company with their appraisal company information. The Complainant did not provide the name of their selected appraiser to the Company. The Company was made aware of the selected appraiser when it received communication from Collision Consulting on May 25, 2023, described below. During that time, the Complainant proceeded with repairs notwithstanding the non-agreed estimates.

4. The Complainant stated that the Company submitted a low estimate for repairs compared to what the repair shop was estimating, and an appraisal was demanded on April 12, 2023. The Complainant stated that the Company refused to acknowledge the demand for appraisal, despite the letter provided on March 31, 2023, outlining the Right to Appraisal clause and next steps identified for the Complainant. On May 24, 2023, the Complainant received an email from the Company stating that they would be unable to invoke the Right to Appraisal as, “repairs are nearing completion, since this process needs to be conducted prior to repairs being started; or in the early stages of repairs.”

5. The Company told the OIC that on May 25, 2023, they received communication from Collision Consulting (“Collision”) notifying them that they were representing the Complainant for the Right to Appraisal process. The Company told the OIC that they acknowledge advising the Complainant and Collision that the Right to Appraisal could not be invoked as the Company was not notified of the Complainant’s hired appraiser before repairs were completed. However, the Company’s auto policy documents do not stipulate that appraisers must be hired before repairs are completed.

6. On June 12, 2023, the Company stated that they had retained an independent appraisal firm, MAS Solutions (“MAS”). Between July 7, 2023, and August 11, 2023, the Complainant contacted the Company several times regarding the status of the appraisal. The Complainant stated that the Company did not respond to those emails. On August 31, 2023, the Company responded to the OIC that the Complainant had been advised to speak with their hired counsel. The Company also said that MAS had asked Collision for photos and the case file to support the appraisal, but Collision refused to provide the supporting documents. MAS was going to the repair shop directly to get supporting documentation.

7. On October 17, 2023, an umpire awarded the Complainant \$29,395 to restore the vehicle to its pre-loss condition. This award was made without consideration of the Complainant’s deductible or

any other provision that may affect the insurer's liability amount. The Company subsequently adjusted the award amount to \$27,607.08, after taking into consideration the Complainant's policy limitations. Prior to the umpire's award, the Company already paid out a total of \$12,810.25. On October 24, 2023, the Company processed an additional payment in the amount of \$14,796.83 to satisfy the Complainant's settlement claim.

8. WAC 284-30-330 states that unfair methods of competition and unfair or deceptive acts or practices of the insurer in the business of insurance, specifically applicable to the settlement of claims include:

- (1) Misrepresenting pertinent facts or insurance policy provisions.
- (7) Compelling a first party claimant to initiate or submit to litigation, arbitration, or appraisal to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in such actions or proceedings.
- (18) Failing to make a good faith effort to settle a claim before exercising a contract right to an appraisal.

9. RCW 48.30.010 states that no person engaged in the business of insurance shall engage in unfair methods of competition or in unfair or deceptive acts or practices in the conduct of such business.

10. RCW 48.30.090 states that no person shall make, issue or circulate, or cause to be made, issued or circulated any misrepresentation of the terms of any policy or the benefits or advantages promised thereby, or the dividends or share of surplus to be received thereon, or use any name or title of any policy or class of policies misrepresenting the nature thereof.

11. RCW 48.05.185 provides that after hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation, or refusal to renew any certificate of authority the Insurance Commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars.

12. By mishandling an auto insurance claim and incorrectly stating that the right to appraisal could not be invoked after repairs were made, the Company violated WAC 284-30-330(1), (7), (18); RCW 48.30.010; and RCW 48.30.090, justifying the imposition of a fine under RCW 48.05.185.

CONSENT TO ORDER:

The Insurance Commissioner of the state of Washington and the Company agree the best interest of the public will be served by entering into this Order. NOW THEREFORE, the Company consents to the

following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of the Company's payment of a fine, and upon such terms and conditions as are set forth below:

1. The Company acknowledges its duty to comply fully with the applicable laws of the state of Washington.
2. The Company consents to the entry of this Order, waives any and all hearing rights, and further administrative or judicial challenges to this Order.
3. In order to consent to the entry of this Order, the Company must sign and return this Order in a manner acceptable to the Insurance Commissioner by **June 24, 2024**, unless the Insurance Commissioner grants a new deadline in writing. If the Company does not consent to the entry of this Order, the Insurance Commissioner is not bound by the penalty amount in this Order and may impose any penalty within the Insurance Commissioner's statutory authority, which may include a higher fine and/or different penalties.
4. By agreement of the parties, the Insurance Commissioner will impose a fine of Twenty-five Thousand Dollars (\$25,000.00), to be paid within thirty (30) days of the execution of this Order.
5. The Company's failure to timely pay the fine within 30 days of the execution of this Order may result in revocation of the Company's certificate of authority and may also result in recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.
6. The Company understands and agrees that any further failure to comply with the statutes that are the subject of this Order constitutes grounds for further penalties, which may be imposed in direct response to further violations.
7. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Company. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issue, or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

EXECUTED this 17 day of June 2024.

ALLSTATE FIRE AND CASUALTY INSURANCE COMPANY

By: Sandee Lindorfer

Printed Name: Sandee Lindorfer

Printed Corporate Title: Vice President, Auto Claims

AGREED ORDER:

Pursuant to the foregoing factual Basis and Consent to Order, the Insurance Commissioner of the state of Washington hereby Orders as follows:

1. The Company shall pay a fine in the amount of Twenty-five Thousand Dollars (\$25,000.00) within 30 days of the execution of this Order.

2. The Company's failure to timely pay the fine within 30 days of the execution of this Order may result in revocation of the Company's certificate of authority and may also result in recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

3. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Company. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issue, or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

ENTERED at Tumwater, Washington, this ____ day of 6/17/2024 | 4:03 PM PDT 2024.



MIKE KREIDLER
Insurance Commissioner

By and through his designee

DocuSigned by:




DEANNA OGO

Insurance Attorney
Legal Affairs Division



Jeff D. Butler, AIC
Public Adjuster,
WAOIC#1098364
11514 Lake City Way NE
Seattle WA 98125
(206) 367 5065

Re: Public Comment on Proposed Amendments to R2025-05 Second Prepublication Draft comment

Submitted by: Jeff Butler

Owner – Haury’s Collision, Seattle, WA

Owner – Collision Consulting of Washington

Licensed Public Adjuster (Washington, Oregon, Idaho, Minnesota)

Appraisal Umpire, Collision Repair Expert & Expert Witness in Legal Cases

Dear Commissioner Kuderer and Rules Coordinator,

I submit my comments in response to the Office of the Insurance Commissioner’s (OIC) proposed rulemaking R2025-05 Second Prepublication Draft

Introduction and Credentials

I was directly involved in drafting, testifying and supporting the passage of SB 5721, which became RCW 48.18.620. I am the owner of a high-end, factory-certified collision repair facility in Seattle and have more than three decades of experience as a repair technician, service advisor, general manager, and appraiser. I have hands on manufacturers repair training from BMW, Mercedes, Nissan, Porsche as well as other OEM trainings, I-CAR training and am an ASE Master Collision Technician.

My perspective is rooted in **OEM repair standards** developed by vehicle engineers and manufacturers. These standards are the only recognized processes that return a vehicle to factory specifications and ensure it performs as designed in a subsequent collision.

I have served as an umpire in numerous appraisal processes, testified in court as an auto repair expert, and am licensed as a public adjuster in Washington, Oregon, Idaho, and Minnesota. As a public insurance adjuster, I help consumers recover all benefits owed in their policy for their claim all over Washington state and other jurisdictions. Too often, it has taken litigation, arbitration or appraisal before insurers paid what a competent appraiser would have recognized as owed from the beginning of the claim.

For over 25 years, I have witnessed first-hand insurance companies who engage in unfair and deceptive business practices by their attempts to “steer” or direct claimants to repair facilities the insurer has a contract with so they can set/control auto repair market pricing.

These practices undermine fairness, place consumers at a disadvantage, and distort the auto repair marketplace where consumer safety is paramount with today’s highly technical and complex vehicles.

It is therefore critical that the unfair claims practices require insurer to act in good faith and honor consumer choice to achieve safe and proper repairs that restore the loss vehicle to manufacturer specification.

Proposed Section 4(a) & 4(b) – Steering Risk

The current draft requires insurers to provide claimants with 'a list of repair facilities ... that will complete the vehicle repairs for the estimated cost of the insurer's prepared estimate' (Section 4(a)). It also requires that if a claimant selects another facility, the insurer must advise them that they 'may be responsible for any additional amount above the insurer's estimate' (Section 4(b)).

While seemingly neutral, these provisions institutionalize insurers steering claimants to their own DRP shops by:

1. Creating the illusion of consumer choice.
2. Using DRPs as a de facto monopoly.
3. Discouraging consumers from independent shops through intimidating advisements.

Exhibit A – Real-World Example of Misrepresentation

Attached as Exhibit A is a June 13, 2025, email from an Allstate auto damage adjuster. This correspondence illustrates how some insurers misrepresent 1) the insurance policy provisions, 2) that labor rates are 'authorized' by the OIC and, 3) effectively pressuring claimants with false and misleading statements to use insurer-preferred shops and fix/control prices. This example demonstrates the willful, wanton and flagrant disregard for good faith claims handling and Washington's unfair claims rules and reinforces the need for strong anti-steering rules.

Excerpt from Allstate's email to the claimant and their repair facility:

Check with your repair facility to make arrangements for potential out-of-pocket expenses, such as labor/material rate differences between the amount Allstate is authorized to pay and the amount charged by your repair facility.

Allstate will not approve labor rate differences presented by your shop of choice and will not reimburse any labor rate differences upon final bill. This will be at vehicle owners expense.

Allstate is authorized to pay rates based on our most recent labor rate survey that we have filed with the Washington State Department of Insurance. This

survey was developed using the prevailing market rates in your area and is used as a reference for settling claims.

Exhibit B – Historical Context: WAC 284-30-3903 (Pre-2009)

Prior to July 2009, WAC 284-30-3903 explicitly recognized a claimant's right to select their repair facility, prohibited arbitrary denials based solely on labor rates, and required insurers to provide explanations when rejecting consumer choice. This consumer protection should be reinstated and modernized.

Exhibit C - Historical Precedent – 1963 Consent Decree

In *United States v. Association of Casualty & Surety Companies* (1963), the DOJ uncovered insurers and co-conspirators engaged in a combination and conspiracy in unreasonable restraint of the aforesaid trade and commerce in the adjustment and settlement of automobile property insurance claims, the automobile material damage appraisal business and the automobile damage repair business, in violation of Sections 1 and 3 of the Sherman Act. **This consent order prohibits insurers from channeling business to select shops. The parallels to the current proposed rules are clear: institutionalizing steering revives prohibited practices.**

Here are some excerpts from the 1963 Consent Decree:

Beginning in or about 1947, and continuing up to and including the date of the filing of this complaint, the defendants and co-conspirators have engaged in a combination and conspiracy in unreasonable restraint of the aforesaid trade and commerce in the adjustment and settlement of automobile property insurance claims, the automobile material damage appraisal business and the automobile damage repair business, in violation of Sections 1 and 3 of the Sherman Act. Defendants are continuing and will continue said offenses unless the relief herein prayed for is granted.

..... in order to control and depress automobile material damage repair costs through boycott, coercion and intimidation of repair shops.

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on October 23, 1963, having consented to the entry of this Final Judgmenthereby ORDERED, ADJUDGED AND DECREED as follows:

IV. (A) Each defendant is enjoined from placing into effect any plan, program or practice which has the purpose or effect of: (1) sponsoring, endorsing or otherwise recommending any appraiser of damage to automobile vehicles: (2) directing, advising or otherwise suggesting that any person or firm do business or refuse to do business with (a) any appraiser of damage to automobile vehicles with respect to the appraisal of such damage, or (b) any independent or dealer franchised automotive repair shop with respect

to the repair of damage to automobile vehicles; (3) exercising any control over the activities of any appraiser of damage to automotive vehicles; (4) allocating or dividing customers, territories, markets or business among any appraisers of damage to automotive vehicles; or (5) fixing, establishing, maintaining or otherwise controlling the prices to be paid for the appraisal of damage to automotive vehicles, or to be charged by independent or dealer franchised automotive repair shops for the repair of damage to automotive vehicles or for replacement parts or labor in connection therewith, whether by coercion, boycott or intimidation or by the use of flat rate or parts manuals or otherwise.

Exhibit D – California Judge Bertoli on State Farm Labor Rate Survey

In the California small claims appeal *Floyd Wilkins v. Michael Delross* (Sonoma County, 2009), Judge James G. Bertoli criticized State Farm’s labor rate survey methodology. He stated it was so poor that “*it may as well have been written on chicken entrails,*” quoting the three witches from Shakespeare’s *Macbeth*, and observed that such a survey would likely earn a failing grade for a first-year college student. This ruling underscores the fundamental flaws in insurer-generated surveys and highlights the need for transparency and independent standards.

It is further noteworthy that when policyholders dispute the amount of loss for a repairable vehicle — particularly when labor rates are at issue — State Farm routinely refuses to provide a copy of its labor rate survey, claiming it is “proprietary work product.” In effect, State Farm has declared that its method of settling claims is a secret process, leaving consumers without the ability to challenge its accuracy or fairness without costly litigation. In practice, State Farm defense counsel withhold the survey in discovery until a court orders production through a motion to compel, at which point State Farm often settles rather than disclose its methodology.

This pattern demonstrates that State Farm’s surveys cannot withstand scrutiny, yet they are used to dictate repair costs and consumer out-of-pocket expenses. If insurers are permitted to rely on concealed and unreliable surveys, consumers are denied fair settlements, and the independent repair market is undermined. Washington’s OIC should prohibit reliance on undisclosed, insurer-created surveys and instead require transparent, independent, and verifiable standards for determining labor rates.

Insurance direct Repair Programs (DRPs) and Wholesale Pricing

Direct Repair Program (DRP) shops do not represent true market prices and labor rates. These shops provide insurers with wholesale pricing and limited scope of repairs in exchange for client referrals. Insurers then utilize these “contracted shops” to force wholesale insurer-arranged pricing onto consumers and independent repairers. This practice is unfair and anti-competitive.

Insurance Direct Repair Programs (DRPs) and Repair Workmanship

Shops that participate in insurer Direct Repair Programs (DRPs) must comply with insurer mandates on labor rates, paint and material reimbursement limits, and severity limitations/targets in order to remain eligible for referrals. Insurers grade these facilities on speed and cost rather than quality, and some DRP contracts even require shops to pay rental car costs if insurer metrics are not met. This model incentivizes repair shortcuts, underreporting of damage, and in some cases outright fraud.

I have personally inspected hundreds of vehicles that were poorly repaired at insurer-preferred facilities, including vehicles with hidden structural damage so severe they had to be declared total losses after the “repairs.” Even in such cases, the DRP shop remained on the insurer’s referral list, and, to my knowledge, insurers failed to investigate or ensure corrective action. This demonstrates that DRPs prioritize insurer cost containment over consumer safety.

SEE THE EXHIBIT FROM COLLISION CONSULTING OF WASHINGTON PROVIDED WITH THIS LETTER THAT ILLUSTRATES MY FINDINGS FROM THESE INSPECTIONS

Deceptive Business Practices

Insurers who misrepresent OIC authority and/or policy obligations are engaging in anti-competitive and deceptive practices. It is within the Commissioner’s authority to prohibit these unfair and deceptive practices by strengthening anti-steering rules.

Consumer Right to Choose – National Models

Unlike other states, Washington does not currently have clear rules affirming the consumer’s right to choose their repair facility and prohibiting insurer steering. Other states provide persuasive models:

- Oregon ORS 746.280: Insurers cannot require repairs at a specific facility and may not limit the cost of repairs necessary to return the vehicle to pre-loss condition.
- Minnesota 72A.201: Requires disclosure of consumer choice and prohibits coercion or steering.
- California AB 1200: Prohibits insurers from recommending a shop unless the consumer requests it or has been informed of their right to choose.

Washington should adopt similar protections to strengthen consumer rights and prevent insurer overreach.



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Modernized WAC 284-30-3903 (Proposed)

- (1) The insurer must honor the claimant's choice of repair facility.
 - a. Insurers should be required to provide the following disclosure: *"You have the right to select the repair facility of your choice. The insurer cannot require you to use a particular facility"*
 - b. Once the claimant has stated they have chosen a repair facility, the insurer must cease any conversation or correspondence to the claimant regarding choosing a repair facility.
- (2) Prior to recommending any facility, the insurer must provide written disclosure that the claimant has the unequivocal right to select any licensed repair facility to have their vehicle repaired.
- (3) The insurer may not coerce, steer, or mislead a claimant through financial or procedural pressures.
- (4) Payment may not be limited if the claimant selects a non-preferred facility, beyond the terms of the policy and disclosures provided prior to the purchase of the policy.
- (5) Any written acknowledgment from the claimant regarding facility choice must be voluntary and include a clear statement of consumer rights by the insurer.

Recommendations for Revision

To preserve consumer choice and ensure fair claim practices, I recommend the following:

1. Add a Consumer Rights Disclaimer requiring insurers to affirmatively state: 'You have the right to select the repair facility of your choice. The insurer cannot require you to use a particular facility.'
2. Modify 4(b) to ensure neutrality rather than discouragement of independent shops. Sections 4(a) and 4(b), as currently drafted, risk increasing prohibited steering practices.
3. Require disclosure of insurer-DRP relationships to expose conflicts of interest.
4. Reinstate and modernize WAC 284-30-3903 to add anti-steering protections.

By reinstating and modernizing WAC 284-30-3903, incorporating best practices from other states, and strengthening anti-steering protections, the OIC can ensure Washington consumers maintain their right to free choice in vehicle repair.

Respectfully submitted,

Jeff Butler
Haury's Collision & Vintage | Collision Consulting of Washington
Licensed Public Adjuster | Appraisal Umpire | Collision Repair Expert



Jeff D. Butler, AIC
Public Adjuster,
WAOIC#1098364
11514 Lake City Way NE
Seattle WA 98125
(206) 367 5065

Exhibit A

From: claims@claims.allstate.com <claims@claims.allstate.com>

Sent: Friday, June 13, 2025 1:53 PM

To: XXXXXXXXXX

Subject: Allstate claim: 000XXXXXXX

Attached is the Allstate approved supplement for the 2024 XXXXXXXXXX. Payment has been issued to the shop and should be received in 5-7 business days.

Check with your repair facility to make arrangements for potential out-of-pocket expenses, such as labor/material rate differences between the amount Allstate is authorized to pay and the amount charged by your repair facility.

Allstate will not approve labor rate differences presented by your shop of choice and will not reimburse any labor rate differences upon final bill. This will be at vehicle owners expense.

Allstate is authorized to pay rates based on our most recent labor rate survey that we have filed with the Washington State Department of Insurance. This survey was developed using the prevailing market rates in your area and is used as a reference for settling claims.

Pending any further loss related damages that your repair shop may find during the course of repair, Allstate will review any supplement items such as parts, repair/refinish times and will allow for any additional reasonable charges during the repair process.

To eliminate out of pocket repair expenses, supplement items must be inspected by an Allstate technician while the vehicle is at the shop and torn down, prior to the repairs being completed and vehicle being released. Failure to notify Allstate of any supplemental damage may result in denial of payment for these damages. Review of all invoices will be requested.

Allstate's liability will not exceed what it would cost to repair or replace the property or part with other aftermarket or like kind and quality parts.



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The use of recycled/aftermarket/reconditioned parts is industry accepted and utilized every day in repairs. Utilization of these parts would not void the vehicle warranty. The warranty on those parts expire once they needed replacement.

SUPPLEMENT PROCESS INSTRUCTIONS:

Any additional damages must be inspected by an Allstate technician while the vehicle is at the shop and torn down, prior to the repairs being completed.

--- You may upload the supplement with supports such as invoices, photos, measurements, etc, to <https://allsupplements.allstate.com/#/>. It will be assigned to the next available adjusters' opening to reach out to the shop to review.

--- For repairs shops using CCC One Estimating, supplement requests can be submitted using Estimate Share. The claim number and workfile Id located at the top of this document will be needed to proceed. Instructions for using Estimate Share can be found at https://help.cccis.com/static/ccc_one/training/EstimateShare/RequestingEstimateShareStaffRF.pdf.

--- For all other repair shops, please follow the Virtual Assist process for supplement requests. The Virtual Assist tool can be accessed from your mobile device web browser by launching this link: <https://virtual-assist-customer.allstate.com/> Failure to notify Allstate of any supplemental damage may result in denial of payment for these damages. Review of all invoices will be requested.

Lisa Johnson

Phone: (509) 217-7825

Fax: (866) 447-4293

claims@claims.allstate.com

Allstate Fire and Casualty Insurance Company

Exhibit B

WAC 284-30-3903

Can I get my vehicle repaired at a shop of my choice?

(1) The insurer must make a good faith effort to honor your request for repairs to be made in a specific repair shop and cannot arbitrarily deny your request.

(2) A denial of your request solely because of the repair shop's hourly rate is arbitrary if the rate does not result in a higher overall cost of repairs.

(3) If the overall cost of repairs cannot be agreed upon, the insurer will:

(a) Provide you with the names of reputable repair shops reasonably close to you that can satisfactorily complete the repairs for the amount of their estimate; and

(b) Make an appropriate notation in its claim file setting forth the reason it has rejected your request.

(4) If you choose to take your vehicle to a repair facility in which the overall cost for a satisfactory repair is higher than the insurer's estimate, you may be liable for any additional amount above their estimate.



Jeff D. Butler, AIC
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Exhibit C

1963 CONSENT DECREE

IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK Civil No. 3106 Filed: October 23 1963 UNITED STATES OF AMERICA Plaintiff, v. ASSOCIATION OF CASUALTY AND SURETY COMPANIES; AMERICAN MUTUAL INSURANCE ALLIANCE; and NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES, Defendants. COMPLAINT The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above named defendants, and complains and alleges as follows:

See full document below:



COLLISION
CONSULTING
OF WASHINGTON

Jeff D. Butler, AIC
Public Adjuster,
WAOIC#1098364
11514 Lake City Way NE
Seattle WA 98125
(206) 367 5065

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

Plaintiff,

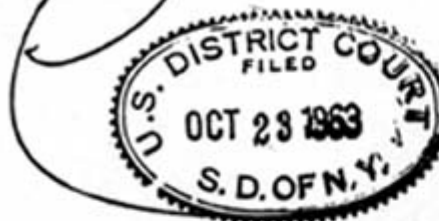
v.

ASSOCIATION OF CASUALTY AND
SURETY COMPANIES; AMERICAN
MUTUAL INSURANCE ALLIANCE;
and NATIONAL ASSOCIATION OF
MUTUAL CASUALTY COMPANIES,

Defendants.

63 Civil No. 3106

Filed:



COMPLAINT

The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above named defendants, and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are instituted under Section 4 of the Act of Congress of July 2, 1890, c. 647, 26 Stat. 209 (15 U.S.C. § 4), as amended, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, in order to prevent and restrain continuing violations by the defendants, as hereinafter alleged, of Sections 1 and 3 of the Sherman Act.

2. The defendant Association of Casualty and Surety Companies transacts business and is found within the Southern District of New York.

II

DEFINITIONS

3. As used herein:

(a) "Member Companies" shall be deemed to mean member companies of any of the defendant associations;

1963 CONSENT DECREE

IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK Civil No. 3106 Filed: October 23 1963 UNITED STATES OF AMERICA Plaintiff, v. ASSOCIATION OF CASUALTY AND SURETY COMPANIES; AMERICAN MUTUAL INSURANCE ALLIANCE; and NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES, Defendants. COMPLAINT The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above named defendants, and complains and alleges as follows:

I. JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are instituted under Section 4 of the Act of Congress of July 2, 1890, c. 647, 26 Stat. 209 (15 U.S.C. 4), as amended, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, in order to prevent and restrain continuing violations by the defendants, as hereinafter alleged, of Sections 1 and 3 of the Sherman Act. 2. The defendant Association of Casualty and Surety Companies transacts business and is found within the Southern District of New York.

II. DEFINITIONS 3. *As used herein: (a) "Member Companies" shall be deemed to mean member companies of any of the defendant association; (b) "Automobile" shall be deemed to mean a self-propelled vehicle used for the transportation of persons or property on the highway; (c) "Automobile property damage liability insurance" shall be deemed to mean insurance against loss arising out of the insured's legal liability for damages to the property of others resulting from the ownership, maintenance or use of an automobile; (d) "Automobile physical damage insurance" shall be deemed to mean insurance covering damages or loss to the automobile of the insured resulting from collision, fire, theft, and other perils; (e) "Automobile property insurance" shall be deemed to mean automobile property damage liability insurance and automobile physical damage insurance; (f) "Direct premiums earned" shall be deemed to mean that part of the premiums applicable to the expired part of the policy; (g) "Direct losses incurred" shall be deemed to mean the amount of loss paid and outstanding; (h) "Insured" shall be deemed to mean the party to whom or on behalf of whom the insurer agrees to pay losses under the insurance contract; (i) "Insurer" shall be deemed to mean the party to the insurance contract who promises to pay losses; (j) "Adjustment" shall be deemed to mean the process to determine the amount payable by the insurer to an insured or other claimant under the insurance contract, and the rights and obligations incident thereto; (k) "Settlement" shall be deemed to mean the discharge of an obligation of an insurer to an insured or other claimant under an insurance contract as determined by adjustment of a claim; (l) "Adjuster" shall be deemed to mean a person or firm who represents the insurer in the adjustment and settlement of claims with insureds or other claimants; (m) "Automobile material damage" shall be deemed to mean any damage to an automobile resulting from collision, fire, or other perils for which automobile property insurance is available; (n) "Repair Shop" shall be deemed to mean a person or firm engaged in automobile material damage repair; (o) "Agreed price" shall be deemed to mean a commitment by a repair shop to undertake to complete and guarantee automobile material damage repairs in consideration of the amount of an appraiser's estimate.*

III DEFENDANTS

4. *Associations of Casualty and Surety Companies (hereinafter referred to as "ACSC"), which maintains its principal office at 110 William Street, New York, New York, is made a defendant herein. ACSC is an unincorporated trade association whose membership is composed of 133 stock insurance companies doing business in the United States.*
5. *American Mutual Insurance Alliance (hereinafter referred to "AMIA"), a corporation organized and existing under the laws of the State of Illinois, with its principal office at 20 North Wacker Drive, Chicago, Illinois, is made a defendant herein. AMIA is a trade association whose membership is composed of 106 mutual insurance companies doing business in the United States.*
6. *National Association of Mutual Casualty Companies (hereinafter referred to as "NAMCC"), a corporation organized and existing under the laws of the State of Illinois, with its principal office at 20 North Wacker Drive, Chicago, Illinois, is made a defendant herein. NAMCC is a trade association whose membership is composed of 26 mutual insurance companies doing business in the United States. All members of the NAMCC which write automobile property insurance are members also of AMIA.*

IV. CO-CONSPIRATORS

7. Various other persons, firms, organizations and corporations, including but not limited to member companies, sponsored appraisers, and repair shops, not made defendants herein have participated as co-conspirators with the defendants in the offense hereinafter charged and performed acts and have made statements in furtherance thereof.

V. NATURE OF TRADE AND COMMERCE

8. An important branch of the insurance industry is automobile property insurance, which provides coverage for property losses arising out of the ownership or use of automobiles. This coverage is provided by two types of insurance: Automobile property damage liability insurance and automobile physical damage insurance.
9. Total direct premiums earned in the United States by all insurance companies in 1960 for automobile property insurance amounted to approximately \$3,327,815,566. Of the total direct premiums earned in 1960, member companies accounted for approximately 35.5 percent, or approximately \$1,183,642,376. Total direct losses incurred in the United States in 1960 by all insurance companies under automobile property insurance amounted to approximately \$1,787,276,826. Of the total direct losses incurred in 1960, member companies accounted for approximately 35.2 percent, or \$627,948,160.
10. Automobile property insurance is sold by insurance companies, including member companies, throughout the United States, and in the District of Columbia, by the issuance of an insurance contract, commonly called a policy, in exchange for an amount of money, commonly called premiums. The automobile property insurance business involves a continuous and indivisible stream of intercourse among states composed of collections of premiums, payment of policy obligations, and documents and communications essential to the negotiation and execution of policy contracts and the adjustment and settlement of claims.
11. A vital phase of the automobile property insurance business is the adjustment and settlement of claims. A great majority of the claims under automobile property insurance policies are for automobile material damage. It is the general practice for member companies to employ a claim representative, commonly known as a claim manager, to supervise and be responsible

for the adjustment and settlement of claims, including those under automobile property insurance, arising in the territory assigned to him. An integral part of the process of adjustment and settlement of claims arising under automobile property insurance is determining the cost of repairing the damaged automobiles. One way of accomplishing this is for the claim manager or adjuster to engage an appraiser to prepare an estimate of the repair cost.

12. An appraiser operates by examining the damaged automobile to determine the damage covered by automobile property insurance, the repairs that must be made, the time it will take to make them and thereafter securing an agreed price from a repair shop. The agreed price is transmitted by the appraiser to the claim manager or adjuster, and is used as a basis for adjusting and settling the claim. The process of adjustment and settlement of claims includes a continual transmission to and from and between home offices of insurance companies, claim managers, adjusters, appraisers, and claimants located in different states of the United States and the District of Columbia of claim forms, statements, reports, directives, checks and drafts, documents and communications of various kinds, all of which are essential to the adjustment and settlement of claims.
13. A major part of direct losses incurred under automobile property insurance is attributable to automobile material damage repair cost; and a major part of the automobile material damage repair business is the repair of automobile damage covered by automobile property insurance.

The automobile material damage repair business consists of the repair and replacement of automobile parts and is engaged in by repair shops located in all states of the United States and District of Columbia. The price charged by repair shops for automobile material damage repairs consists of a labor charge, which is an hourly rate applied to the time taken to repair or replace parts, and a parts charge for any parts which are used to replace damaged parts on the automobile. Automobile parts are manufactured by automobile manufacturers and others in plants located in various states of the United States and are sold and shipped by them to jobbers, wholesalers and dealers located in the District of Columbia and states other than the states in which they were manufactured for resale to repair shops for sale and use in the repair of damaged automobiles.

BACKGROUND OF THE CONSPIRACY

14. The ACSC has had for many years a committee known as the Advisory Committee of the Claims Bureau, sometimes referred to as the Claims Bureau Advisory Committee, which is composed of approximately 18 claims executives of member companies. The NAMCC has had for many years a committee known as the Claims Executive Committee which is composed of approximately 8 claims executives of member companies. It was and is the function of these committees to consider on behalf of their respective associations policies and programs relating to claims administration. An additional function of the Advisory Committee of the Claims Bureau of the ACSC is to supervise the operations of and formulate policies for the Claims Bureau, a department of the ACSC. The Claims Bureau, which has a large administrative staff, maintains its headquarters at 110 William Street, New York, New York, and also has several regional offices located throughout the United States. The function of the Claims Bureau is to aid in claims administration.
15. Beginning in or about 1940, the Advisory Committee of the Claims Bureau of the ACSC and the Claims Executive Committee of the NAMCC began to hold joint meetings. These meetings were soon formalized into regular joint sessions and the group became known as the Joint Claims Committee and later the Combined Claims Committee (hereinafter referred to as "CCC"). These two committees were designated by their respective defendant associations to represent the interest of member companies on the CCC. The purpose and function of the CCC

was and is to provide a common forum to consider policies and programs relating to claims administration. In 1962, by resolution of the governing boards of the defendants, the Claims Executive Committee of the NAMCC was designated to represent AMIA on the CCC.

16. On March 12, 1942 the CCC passed a resolution which provided for the organization of Casualty Insurance Claim Managers' Councils (hereinafter referred to as "Councils") in various areas of the United States to act as sub-committees of and under the direction and control of the CCC, then known as the Joint Claims Committee. These Councils are each chartered by the CCC. Each Council's membership is composed of those member companies which have a full time, salaried claim representative in the area under the Council's jurisdiction. The primary purpose and function of the Councils are to permit field claim managers of member companies to consider local problems of claims administration, including those arising under automobile property insurance. At the present time there are approximately 80 Councils located throughout the United States, including the District of Columbia.
17. In the Fall of 1946, the Pittsburgh, Pennsylvania Council met to consider what collective action might be taken by its members to depress and control automobile material damage repair costs in the Pittsburgh area. In March 1947, the Pittsburgh Council adopted a program subsequently known as the Independent Appraisal Plan (hereinafter referred to as the "Plan"), intended to depress and control automobile material damage repair cost.

The CCC in December 1948 and again in July 1949 formally adopted the Plan and since that time has sponsored it and actively promoted its expansion and use. Since its inception the Plan, under the supervision and direction of the CCC, and administered by the Claims Bureau of the ACSC and the Councils, has become a nationwide operation. By the end of 1961, it was in effect in 177 localities throughout the United States, including the District of Columbia. The CCC requires uniformity in the operation of the Plan throughout the United States.

18. Under the Plan, a Council in collaboration with the CCC, selects and sponsors an individual or partnership to act as appraiser to make determinations of automobile material damage costs for use in the adjustment and settlement of claims. Prior to the selection of a sponsored appraiser, Council members are instructed to submit to the Council the volume of business they anticipate giving the appraiser in the area for which he is to be sponsored. The sponsored appraiser is required to employ sufficient personnel to handle any volume of appraisal business in his territory. Most such appraisers have several employees. The sponsored appraiser is required to confine his operations to the territory for which he is sponsored by the council or CCC. The fees which the sponsoring appraiser charges are subject to the approval of the sponsoring Council or CCC. The sponsored appraiser is required to conform his operations to the principles of the Plan and to assure his compliance, his operations are supervised and controlled by the sponsoring Council and the Claims Bureau on behalf of the CCC. The Plan calls for exclusive use of the sponsored appraisers by member companies and the sponsored appraiser is urged to solicit business from others in order to increase the effectiveness of the Plan.

19. Included among the means used under the Plan to control and depress automobile material damage repair costs are the following: (1) to repair rather than replace damaged parts; (2) to replaced damaged parts by used rather than new parts; (3) to obtain discounts on new replacement parts; (4) to establish strict labor time allowances by the sponsored appraisers; and (5) to obtain the lowest possible hourly labor rate.

20. The Plan calls for the sponsored appraiser to arrange for a number of repair shops to agree to make automobile material damage repairs based upon his estimate without the repair shop first examining the damaged automobile. In those situations in which the damaged automobile is not already in the possession of a repair shop, the sponsored appraiser will recommend any of these repair shops to the adjuster or claim manager. In those instances where a particular repair shop in which the damaged automobile is located will not agree to make repairs based upon the sponsored appraiser's estimate, the Plan provides that the sponsored appraiser shall inform the adjuster or claim manager of the names of those repair shops which will accept his estimate and that the adjuster or claim manager will then, when possible, have the damaged automobile repaired by one of the repair shops which have agreed to accept the sponsored appraiser's estimate. It is seldom that a claim is settled at a higher figure than the sponsored appraiser's estimate.
21. The nationwide application of the Plan involves a continuous intercourse among the states composed of memoranda, correspondence, directives and other communications to and from and between the CCC, defendants, Claims Bureau, member companies, Councils and sponsored appraisers.

VI OFFENSES CHARGED

22. Beginning in or about 1947, and continuing up to and including the date of the filing of this complaint, the defendants and co-conspirators have engaged in a combination and conspiracy in unreasonable restraint of the aforesaid trade and commerce in the adjustment and settlement of automobile property insurance claims, the automobile material damage appraisal business and the automobile damage repair business, in violation of Sections 1 and 3 of the Sherman Act. Defendants are continuing and will continue said offenses unless the relief herein prayed for is granted.
23. The aforesaid combination and conspiracy has consisted of a continuing agreement and concert of action among the defendants and co-conspirators to eliminate competition among member companies in the adjustment and settlement of automobile property insurance claims, among appraisers and among repair shops, in order to control and depress automobile material damage repair costs through boycott, coercion and intimidation of repair shops.
24. Pursuant to and in effectuation of the aforesaid combination and conspiracy the defendants and co-conspirators did those things which, as hereinbefore alleged, they agreed to do and, among others, did the following things: (a) Refused to recognize or sponsor more than one appraiser in a territory designated by a Council or the CCC; (b) Coerced sponsored appraisers to operate only in the territories in which they are sponsored; (c) Induced member companies to channel their automobile material damage appraisal business to the sponsored appraiser and boycott other business to the sponsored appraiser and boycott other automobile material damage appraisal businesses; (d) Encouraged the use of sponsored appraisers by others to increase the effectiveness of the Plan; (e) Required sponsored appraisers to conform their operations to the Plan and withdrew or threatened to withdraw the sponsorship of appraisers who failed to do so; (f) Required fees charged by sponsored appraisers to be approved by Councils or the CCC; (g) Induced member companies to refuse to settle a claim for an amount greater than a sponsored appraiser's estimate of the automobile material damage repair costs; and (h) Induced

member companies to channel automobile material damage repair business to those repair shops which will, and boycott those repair shops which will not: (1) Accept the sponsored appraiser's estimate as to the cost of repairs; (2) Give a price discount on replacement parts; (3) Maintain hourly labor rates at a figure which is considered the lowest possible rate in the area; and (4) Accede to the sponsored appraiser's determination of time allowances.

VII EFFECTS

25. The aforesaid offenses have had, among others, the following effects: (a) Elimination of competition in the adjustment and settlement of automobile property insurance claims, in the automobile material damage appraisal business and in the automobile material damage repair business; (b) Non-sponsored appraisers engaged in or desiring to engage in the automobile material damage appraisal business have been foreclosed from a substantial segment of the business; (c) Repair shops which refuse to accept the sponsored appraisers' estimate have been foreclosed from a substantial segment of the automobile material damage repair business; and (d) Prices charged by repair shops have been subjected to collective control and supervision by defendants and co-conspirators. PRAYER WHEREFORE, the plaintiff prays: 1. That the aforesaid combination and conspiracy be adjudged and decreed to be in violation of Sections 1 and 3 of the Sherman Act. 2. That each of the defendants, their officers, directors, agents, and employees, and all committees or persons acting or claiming to act on behalf of the defendants or any of them, be perpetually enjoined from continuing to carry out, directly or indirectly, the aforesaid combination and conspiracy to restrain interstate trade and commerce in the adjustment and settlement of automobile property insurance claims, the automobile material damage appraisal business and the automobile material damage repair business; and that they be perpetually enjoined from engaging in or participating in practices, contracts, agreements, or understandings, or claiming any rights thereunder, having the purpose or effect of continuing, reviving, or renewing the aforesaid offense or any offenses similar thereto. 3. That each of the defendants be enjoined from, either individually or in concert with others: (1) sponsoring or preferentially dealing with any appraiser; (2) boycotting any appraiser; (3) exercising any control over or influence upon the activities of any appraiser; (4) channeling or attempting to channel automobile material damage repair business to any repair shop or type of repair shop; (5) boycotting any repair shop or type of repair shop; or (6) coercing any repair shop to conform to its prices for repair work or parts to the estimates of any appraiser or otherwise influencing the prices for repair work or parts. 4. That each of the defendants be ordered to amend its by-laws to require each of its member companies to refrain from acting in concert with any other companies in: (1) sponsoring or preferentially dealing with any appraiser; (2) boycotting any appraiser; (3) exercising any control over or influence upon the activities of any appraiser; (4) channeling or attempting to channel automobile material damage repair business to any repair shop or type of repair shop; (5) boycotting any repair shop or type of repair shop; (6) coercing any repair shop to conform its prices for repair work or parts to the estimates of any appraiser or otherwise influencing the prices for repair work on parts; and to make compliance with such requirements a condition of membership. 5. That pursuant to Section 5 of the Sherman Act an order be made and entered herein requiring defendants AMIA and NAMCC to be brought before the Court in this proceeding and directing the Marshal of the Northern District of Illinois to serve summons upon AMIA and NAMCC. 6. That the plaintiff have such other and further relief as the nature of the case may require and the Court may deem just and proper. 7. That the Plaintiff recover the costs of this suit. Dated: New York, New York October 22nd 1963 signed by: Robert F. Kennedy Attorney General William H. Orrick, Jr. Assistant Attorney General Baddia J. Rashid Attorney, Department of



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Justice John H. Waters Attorney, Department of Justice William H. Rowan Attorney,
Department of Justice -----

**IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
NEW YORK**

**CIVIL ACTION No. 63 Civ. 3106 ENTERED: November 27,1963 UNITED STATES OF
AMERICA, Plaintiff v. ASSOCIATION OF CASUALTY AND SURETY COMPANIES,
AMERICAN MUTUAL INSURANCE ALLIANCE and the NATIONAL ASSOCIATION
OF MUTUAL CASUALTY COMPANIES, Defendants**

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on October 23, 1963, and the plaintiff and the defendants, by their respective attorneys, having consented to the entry of this Final Judgment without admission by any party with respect to any issue herein; NOW, THEREFORE, before the taking of any testimony herein, without trial or adjudication of any issue, and upon such consent, as aforesaid, it is **hereby ORDERED, ADJUDGED AND DECREED as follows:**

I. This Court has jurisdiction of the subject matter hereof and the parties hereto and the complaint states a claim upon which relief can be granted under Sections 1 and 3 of the Act of Congress of July 2, 1890, commonly known as the Sherman Act, as amended.

II. **The provisions of this Final Judgment shall be binding upon each defendant and upon its officers, directors, agents, servants, employees, committees, successors and assigns, and upon all other persons in active concert or participation with any defendant who shall have received actual notice of this Final Judgment by personal service or otherwise.**

III. (A) Each defendant is ordered and directed within ninety (90) days from the entry of this Final Judgment to terminate, cancel and abandon the Independent Appraisal Plan, sometimes known as the Automotive Damage Appraisal Plan, which the defendants have established and are now administering, and each defendant is enjoined from reviving, renewing or again placing into effect that plan. (B) Defendants are ordered and directed within ninety (90) days from the entry of this Final Judgment to send written notice, in the form attached hereto as an exhibit, stating that all defendants have terminated, cancelled and abandoned the Independent Appraisal Plan (1) to each appraiser sponsored under the Plan, (2) to each member company, and (3) to each Local Casualty Insurance Claims Managers' Council.



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IV. (A) Each defendant is enjoined from placing into effect any plan, program or practice which has the purpose or effect of: (1) sponsoring, endorsing or otherwise recommending any appraiser of damage to automobile vehicles; (2) directing, advising or otherwise suggesting that any person or firm do business or refuse to do business with (a) any appraiser of damage to automobile vehicles with respect to the appraisal of such damage, or (b) any independent or dealer franchised automotive repair shop with respect to the repair of damage to automobile vehicles; (3) exercising any control over the activities of any appraiser of damage to automotive vehicles; (4) allocating or dividing customers, territories, markets or business among any appraisers of damage to automotive vehicles; or (5) fixing, establishing, maintaining or otherwise controlling the prices to be paid for the appraisal of damage to automotive vehicles, or to be charged by independent or dealer franchised automotive repair shops for the repair of damage to automotive vehicles or for replacement parts or labor in connection therewith, whether by coercion, boycott or intimidation or by the use of flat rate or parts manuals or otherwise.

(B) Nothing in Subsection (A) above shall be deemed to prohibit the furnishing to any person or firm of any information indicating corrupt, fraudulent or unlawful practices on the part of any appraiser of damage to automotive vehicles or any independent or dealer franchised automotive repair shop, so long as the furnishing of such information is not part of a plan, program or practice enjoined in paragraphs (1) through (5) of Subsection (A) above. Each defendant shall include in any report of such information an affirmative statement that such report is not a recommendation and that the person or firm to whom such report is furnished should independently determine whether to do business with any appraiser or automotive repair shop to which the report relates.

V. Defendants are ordered and directed within ninety (90) days from the entry of this Final Judgment to cause the character of each Local Casualty Insurance Claims Managers' Council to be amended so as to incorporate therein a declaration of policy that the Council shall not engage in any activity prohibited by Section IV of this Final Judgment.

VI. Nothing in Section IV of this Final Judgment shall be deemed to determine or constitute a waiver of any rights or immunities that defendants may have under the Act of Congress of March 9, 1945, commonly known as the McCarran-Ferguson Act.



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VII. (A) For the purpose of determining and securing compliance with this Final Judgment and subject to any legally recognized privilege, duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to any defendant made to its principal office, be permitted (1) access during the office hours of such defendant to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of such defendant relating to any of the matters contained in this Final Judgment during which time counsel for such defendant may be present; and (2) subject to the reasonable convenience of such defendant and without restraint or interference from it to interview officers or employees of such defendant, who may have counsel present, regarding any such matters. (B) Any defendant, on written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, shall submit within a reasonable time such reports in writing, under oath if requested, with respect to any matters contained in this Final Judgment as may be reasonably necessary for the purpose of the enforcement of this Final Judgment. (C) No information obtained by the means provided in this Section VII shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Executive Branch, except in the course of legal proceedings to which the United States of America is a party for the purpose of securing compliance with this Final Judgment or as otherwise required by law.

VIII Jurisdiction is retained for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment or for the modification or termination of any of the provisions thereof, and for the enforcement of compliance therewith and punishment of violations thereof. Dated: November 27, 1963 /s/ Edward C. McLean United States District Judge -----

IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

CIVIL ACTION No. 63 Civ. 3106

Filed October 23, 1963 UNITED STATES OF AMERICA, Plaintiff v. ASSOCIATION OF CASUALTY AND SURETY COMPANIES, AMERICAN MUTUAL INSURANCE ALLIANCE and the NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES, Defendants. STIPULATION. It is stipulated by and between the undersigned parties, by their respective attorneys, that: (1) The parties consent that a Final Judgment in the form hereto attached may be filed and entered by the Court at any time after the expiration of thirty (30) days following the date of filing of this Stipulation without further notice to any party or other proceedings, either upon the motion of any party or upon the Court's own motion, provided that plaintiff has not withdrawn its consent as provided herein; (2) The plaintiff may withdraw its consent hereto at any time within said period of thirty (30) days by serving notice thereof upon the other parties hereto and filing said notice with the Court; (3) In the event plaintiff withdraws its consent hereto, this Stipulation shall be of no effect whatever in this or any other proceeding and the making of this Stipulation shall not in any manner prejudice any consenting party in any subsequent proceedings. Dated: October 23, 1963. For the Plaintiff: WILLIAM H. ORRICK, JR. Assistant Attorney General JOHN H. WATERS WILLIAM D. KILGORE, JR. WILLIAM H. ROWAN BADDIA J. RASHID CHARLES F. B. McALEER Attorneys, Department of Justice For the Defendant Association of Casualty and Surety Companies: ROBERT MacCRATE For the Defendants



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Exhibit C

California Judge Bertoli on State Farm Labor Rate Survey

See full document below:



**COLLISION
CONSULTING**
OF WASHINGTON

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2009 13:25 FAX 528 2732

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SUPERIOR COURT OF CALIFORNIA, COUNTY OF SONOMA
HON. JAMES G. BERTOLI, JUDGE DEPARTMENT NO. 22

FLOYD WILKINS,

---o0o---

Plaintiff,

vs.

No. SMC-09-174813

MICHAEL DELROSS,

Defendant.

COPY

CECIL MASON,

Plaintiff,

No. SMC-09-175738

DYLAN ELLIS & SUZANNE ELLIS,

Defendants.

REPORTER'S TRANSCRIPT
SMALL CLAIMS APPEAL TRIAL
Proceedings of
Thursday, October 29, 2009

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Reported by:

Mona R. Babin, CSR 3819



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1 to a shop that will perform the repairs, bring the car to its
2 pre-accident condition for reasonable price, all -- that's all
3 that matters.

4 Whatever State Farm wants to pay, that's between
5 State Farm and defendant. And then whatever the difference,
6 defendant has to pay out of pocket. I mean it's a very simple
7 concept. So plaintiff is no way bound by -- by the
8 shortcomings of the defendant's insurance. If they have --
9 defendant had no insurance, then defendant would have to pay
10 the whole amount. If they have insurance that refuses to pay
11 certain portion of the bill, well, then defendant is
12 responsible for that shortfall.

13 THE COURT: We submitted counsel?

14 MR. SCOTT: Submitted.

15 THE COURT: Thank you, counsel.

16 Few comments. One thing this case is not is a
17 determination as to whether or not the survey is accurate.
18 Quite frankly the contractual relationship between State Farm
19 and its insured can develop whatever methodology they want to
20 come up with a price on their first party claims. If State
21 Farm chose to determine their price by reading chicken
22 entrails and -- consulting with the three witches from McBeth,
23 that's fine. I think that's just about as accurate as the
24 survey itself is. I think that survey from a statistical
25 standpoint would get a first year college student a flunking
26 grade. But that's the method they chose. That's the method
27 that their people agreed to, their insured agreed to. That's
28 the contract. So be it.



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1 I still firmly believe that the question that is
2 before this Court today and yesterday and has been on every
3 one of these cases that has been before this Court and a
4 number of other judges in this Court is whether or not the
5 price that was charged by G and C for the labor that they
6 performed was reasonable. That is how damages are determined
7 in a negligence case.

8 Here the Court, as I said in my previous comments,
9 was presented with a range of prices from the 70s to the one
10 teens, as I would call it. Judge Cox wrote in his decision a
11 paragraph that I think accurately reflects what this Court's
12 obligation is under the damages for a third party claim. He
13 wrote, the third party plaintiff is entitled to be compensated
14 for the reasonable cost of repairs that are necessary to
15 restore the vehicle to its pre-accident condition. Plaintiff
16 asserts that the bill submitted by G and C is a reasonable
17 charge. State Farm argues that the amount it tendered is the
18 reasonable sum required. State Farm did not attempt to
19 establish the G and C rate was unreasonable. A reasonable

20 charge implies a range of charges. If the charge falls within
21 that range, it will be deemed to be reasonable. No particular
22 charge can be said to be the only reasonable charge. The G's
23 and C charge fell within the range of reasonableness.

24 I concur with what Judge Cox wrote. There's no one
25 set reasonable charge. It's not \$80. It's not \$98. It's not
26 \$117 dollars. It's that range. The 98 fell within it. The
27 amount also -- it applies the same way with the paint rates.
28 It applies the same way with the body repair rates. It's a

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range of prices. It's not just one number. It can't be just one number. It's what is a reasonable charge.

No evidence was presented to refute the plaintiffs' claim that they paid a reasonable price to have their vehicle brought back to its standard -- to its pre-accident condition. There was none. This Court was never presented with any evidence that said 98 or 88 is on its face, or even digging below the surface, an unreasonable amount. That is this Court's understanding of basic damage evaluation in a negligence claim.

So the Court is going to find for Mr. Wilkins in his case in the amount of \$2,159.74. The Court is going to find in favor of Mr. Mason in the amount of \$750 dollars plus he's entitled to be reimbursed for his lost wages. The request was for \$100 in lost wages and the Court will award that.

With regard to the area of attorney fees, this matter has come up again and again and again and again. I'm aware at least that Judge Rushing, Judge Boyd, myself -- seems to me there was one other -- along with Judge Cox have continually ruled in this case consistently with regard to the third party claims as this Court has ruled today. Quite frankly with regard to the third party claims this Court does not believe they should have been litigated. I think the answer is clear. And I quite frankly see it as an effort on behalf of the insurer to try and suppress the price charged by someone outside of their range. Unfortunately when we're looking at the issue of attorney fees I've got to look at the behavior of the defendants. This Court did not receive any



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1 evidence that either Mr. Delross or the Ellis conducted
2 themselves in any fashion that would warrant the award of
3 attorney fees. So the Court is going to deny the request for
4 attorney fees.

5 And that will conclude the proceeding.

6 Gentlemen, thank you very much.

7 Are the exhibits withdrawn or were you going to have
8 a record prepared?

9 Do you want them back?

10 MR. SCOTT: I suppose we can take them back.

11 MR. ZURADA: I would take them back.

12 (Exhibits withdrawn.)

13 THE COURT: Very well. Thank you.

14 (Proceedings concluded.)

15 ---oOo---

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

V.S.

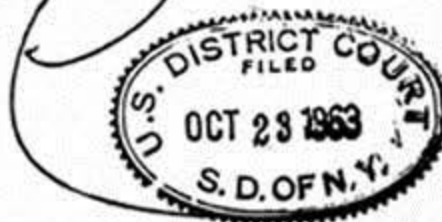
UNITED STATES OF AMERICA,
Plaintiff,

v.

ASSOCIATION OF CASUALTY AND
SURETY COMPANIES; AMERICAN
MUTUAL INSURANCE ALLIANCE;
and NATIONAL ASSOCIATION OF
MUTUAL CASUALTY COMPANIES,
Defendants.

63 Civil No. 3106

Filed:



COMPLAINT

The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above named defendants, and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This complaint is filed and these proceedings are instituted under Section 4 of the Act of Congress of July 2, 1890, c. 647, 26 Stat. 209 (15 U.S.C. § 4), as amended, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, in order to prevent and restrain continuing violations by the defendants, as hereinafter alleged, of Sections 1 and 3 of the Sherman Act.

2. The defendant Association of Casualty and Surety Companies transacts business and is found within the Southern District of New York.

II

DEFINITIONS

3. As used herein:

- (a) "Member Companies" shall be deemed to mean member companies of any of the defendant associations;

1963 CONSENT DECREE

IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK Civil No. 3106 Filed: October 23 1963 UNITED STATES OF AMERICA Plaintiff, v. ASSOCIATION OF CASUALTY AND SURETY COMPANIES; AMERICAN MUTUAL INSURANCE ALLIANCE; and NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES, Defendants. COMPLAINT The United States of America, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above named defendants, and complains and alleges as follows:

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II. DEFINITIONS

3. As used herein: (a) "Member Companies" shall be deemed to mean member companies of any of the defendant association; (b) "Automobile" shall be deemed to mean a self-propelled vehicle used for the transportation of persons or property on the highway; (c) "Automobile property damage liability insurance" shall be deemed to mean insurance against loss arising out of the insured's legal liability for damages to the property of others resulting from the ownership, maintenance or use of an automobile; (d) "Automobile physical damage insurance" shall be deemed to mean insurance covering damages or loss to the automobile of the insured resulting from collision, fire, theft, and other perils; (e) "Automobile property insurance" shall be deemed to mean automobile property damage liability insurance and automobile physical damage insurance; (f) "Direct premiums earned" shall be deemed to mean that part of the premiums applicable to the expired part of the policy; (g) "Direct losses incurred" shall be deemed to mean the amount of loss paid and outstanding; (h) "Insured" shall be deemed to mean the party to whom or on behalf of whom the insurer agrees to pay losses under the insurance contract; (i) "Insurer" shall be deemed to mean the party to the insurance contract who promises to pay losses; (j) "Adjustment" shall be deemed to mean the process to determine the amount payable by the insurer to an insured or other claimant under the insurance contract, and the rights and obligations incident thereto; (k) "Settlement" shall be deemed to mean the discharge of an obligation of an insurer to an insured or other claimant under an insurance contract as determined by adjustment of a claim; (l) "Adjuster" shall be deemed to mean a person or firm who represents the insurer in the adjustment and settlement of claims with insureds or other claimants; (m) "Automobile material damage" shall be deemed to mean any damage to an automobile resulting from collision, fire, or other perils for which automobile property insurance is available; (n) "Repair Shop" shall be deemed to mean a person or firm engaged in automobile material damage repair; (o) "Agreed

price” shall be deemed to mean a commitment by a repair shop to undertake to complete and guarantee automobile material damage repairs in consideration of the amount of an appraiser’s estimate.

III DEFENDANTS

4. Associations of Casualty and Surety Companies (hereinafter referred to as “ACSC”), which maintains its principal office at 110 William Street, New York, New York, is made a defendant herein. ASCS is an unincorporated trade association whose membership is composed of 133 stock insurance companies doing business in the United States.
5. American Mutual Insurance Alliance (hereinafter referred to “AMIA”), a corporation organized and existing under the laws of the State of Illinois, with its principal office at 20 North Wacker Drive, Chicago, Illinois, is made a defendant herein. AMIA is a trade association whose membership is composed of 106 mutual insurance companies doing business in the United States.
6. National Association of Mutual Casualty Companies (hereinafter referred to as “NAMCC”), a corporation organized and existing under the laws of the State of Illinois, with its principal office at 20 North Wacker Drive, Chicago, Illinois, is made a defendant herein. NAMCC is a trade association whose membership is composed of 26 mutual insurance companies doing business in the United States. All members of the NAMCC which write automobile property insurance are members also of AMIA.

IV. CO-CONSPIRATORS

7. Various other persons, firms, organizations and corporations, including but not limited to member companies, sponsored appraisers, and repair shops, not made defendants herein have participated as co-conspirators with the defendants in the offense hereinafter charged and performed acts and have made statements in furtherance thereof.

V. NATURE OF TRADE AND COMMERCE

8. An important branch of the insurance industry is automobile property insurance, which provides coverage for property losses arising out of the ownership or use of automobiles. This coverage is provided by two types of insurance: Automobile property damage liability insurance and automobile physical damage insurance.
9. Total direct premiums earned in the United States by all insurance companies in 1960 for automobile property insurance amounted to approximately \$3,327,815,566. Of the total direct premiums earned in 1960, member companies accounted for approximately 35.5 percent, or approximately \$1,183,642,376. Total direct losses incurred in the United States in 1960 by all insurance companies under automobile

property insurance amounted to approximately \$1,787,276,826. Of the total direct losses incurred in 1960, member companies accounted for approximately 35.2 percent, or \$627,948,160.

10. Automobile property insurance is sold by insurance companies, including member companies, throughout the United States, and in the District of Columbia, by the issuance of an insurance contract, commonly called a policy, in exchange for an amount of money, commonly called premiums. The automobile property insurance business involves a continuous and indivisible stream of intercourse among states composed of collections of premiums, payment of policy obligations, and documents and communications essential to the negotiation and execution of policy contracts and the adjustment and settlement of claims.
11. A vital phase of the automobile property insurance business is the adjustment and settlement of claims. A great majority of the claims under automobile property insurance policies are for automobile material damage. It is the general practice for member companies to employ a claim representative, commonly known as a claim manager, to supervise and be responsible for the adjustment and settlement of claims, including those under automobile property insurance, arising in the territory assigned to him. An integral part of the process of adjustment and settlement of claims arising under automobile property insurance is determining the cost of repairing the damaged automobiles. One way of accomplishing this is for the claim manager or adjuster to engage an appraiser to prepare an estimate of the repair cost.
12. An appraiser operates by examining the damaged automobile to determine the damage covered by automobile property insurance, the repairs that must be made, the time it will take to make them and thereafter securing an agreed price from a repair shop. The agreed price is transmitted by the appraiser to the claim manager or adjuster, and is used as a basis for adjusting and settling the claim. The process of adjustment and settlement of claims includes a continual transmission to and from and between home offices of insurance companies, claim managers, adjusters, appraisers, and claimants located in different states of the United States and the District of Columbia of claim forms, statements, reports, directives, checks and drafts, documents and communications of various kinds, all of which are essential to the adjustment and settlement of claims.
13. A major part of direct losses incurred under automobile property insurance is attributable to automobile material damage repair cost; and a major part of the automobile material damage repair business is the repair of automobile damage covered by automobile property insurance. The automobile material damage repair business consists of the repair and replacement of automobile parts and is engaged in by repair shops located in all states of the United States and District of Columbia. The price charged by repair shops for automobile material damage repairs consists of a labor charge, which is an hourly rate applied to the time taken to repair or replace parts, and a parts charge for any parts which are used to replace damaged parts on the automobile. Automobile parts are manufactured by automobile manufacturers and others in plants located in various states of the United States and are sold and shipped by them to jobbers, wholesalers and dealers located in the District of Columbia and states other than the states in which they were manufactured for resale to repair shops for sale and use in the repair of damaged automobiles.

BACKGROUND OF THE CONSPIRACY

14. The ACSC has had for many years a committee known as the Advisory Committee of the Claims Bureau, sometimes referred to as the Claims Bureau Advisory Committee, which is composed of approximately 18 claims executives of member companies. The NAMCC has had for many years a committee known as the Claims Executive Committee which is composed of approximately 8 claims executives of member companies. It was and is the function of these committees to consider on behalf of their respective associations policies and programs relating to claims administration. An additional function of the Advisory Committee of the Claims Bureau of the ACSC is to supervise the operations of and formulate policies for the Claims Bureau, a department of the ACSC. The Claims Bureau, which has a large administrative staff, maintains its headquarters at 110 William Street, New York, New York, and also has several regional offices located throughout the United States. The function of the Claims Bureau is to aid in claims administration.
15. Beginning in or about 1940, the Advisory Committee of the Claims Bureau of the ACSC and the Claims Executive Committee of the NAMCC began to hold joint meetings. These meetings were soon formalized into regular joint sessions and the group became known as the Joint Claims Committee and later the Combined Claims Committee (hereinafter referred to as "CCC"). These two committees were designated by their respective defendant associations to represent the interest of member companies on the CCC. The purpose and function of the CCC was and is to provide a common forum to consider policies and programs relating to claims administration. In 1962, by resolution of the governing boards of the defendants, the Claims Executive Committee of the NAMCC was designated to represent AMIA on the CCC.
16. On March 12, 1942 the CCC passed a resolution which provided for the organization of Casualty Insurance Claim Managers' Councils (hereinafter referred to as "Councils") in various areas of the United States to act as sub-committees of and under the direction and control of the CCC, then known as the Joint Claims Committee. These Councils are each chartered by the CCC. Each Council's membership is composed of those member companies which have a full time, salaried claim representative in the area under the Council's jurisdiction. The primary purpose and function of the Councils are to permit field claim managers of member companies to consider local problems of claims administration, including those arising under automobile property insurance. At the present time there are approximately 80 Councils located throughout the United States, including the District of Columbia.
17. In the Fall of 1946, the Pittsburgh, Pennsylvania Council met to consider what collective action might be taken by its members to depress and control automobile material damage repair costs in the Pittsburgh area. In March 1947, the Pittsburgh Council adopted a program subsequently known as the Independent Appraisal Plan (hereinafter referred to as the "Plan"), intended to depress and control automobile material damage repair cost.

The CCC in December 1948 and again in July 1949 formally adopted the Plan and since that time has sponsored it and actively promoted its expansion and use. Since its inception the Plan, under the supervision and direction of the CCC, and administered by the Claims Bureau of the ACSC and the Councils, has become a nationwide operation. By the end of 1961, it was in effect in 177 localities throughout the United States, including the District of Columbia. The CCC requires uniformity in the operation of the Plan throughout the United States.

18. Under the Plan, a Council in collaboration with the CCC, selects and sponsors an individual or partnership to act as appraiser to make determinations of automobile material damage costs for use in the adjustment and settlement of claims. Prior to the selection of a sponsored appraiser, Council members are instructed to submit to the Council the volume of business they anticipate giving the appraiser in the area for which he is to be sponsored. The sponsored appraiser is required to employ sufficient personnel to handle any volume of appraisal business in his territory. Most such appraisers have several employees. The sponsored appraiser is required to confine his operations to the territory for which he is sponsored by the council or CCC. The fees which the sponsoring appraiser charges are subject to the approval of the sponsoring Council or CCC. The sponsored appraiser is required to conform his operations to the principles of the Plan and to assure his compliance, his operations are supervised and controlled by the sponsoring Council and the Claims Bureau on behalf of the CCC. The Plan calls for exclusive use of the sponsored appraisers by member companies and the sponsored appraiser is urged to solicit business from others in order to increase the effectiveness of the Plan.
19. Included among the means used under the Plan to control and depress automobile material damage repair costs are the following: (1) to repair rather than replace damaged parts; (2) to replaced damaged parts by used rather than new parts; (3) to obtain discounts on new replacement parts; (4) to establish strict labor time allowances by the sponsored appraisers; and (5) to obtain the lowest possible hourly labor rate.
20. The Plan calls for the sponsored appraiser to arrange for a number of repair shops to agree to make automobile material damage repairs based upon his estimate without the repair shop first examining the damaged automobile. In those situations in which the damaged automobile is not already in the possession of a repair shop, the sponsored appraiser will recommend any of these repair shops to the adjuster or claim manager. In those instances where a particular repair shop in which the damaged automobile is located will not agree to make repairs based upon the sponsored appraiser's estimate, the Plan provides that the sponsored appraiser shall inform the adjuster or claim manager of the names of those repair shops which will accept his estimate and that the adjuster or claim manager will then, when possible, have the damaged automobile repaired by one of the repair shops which have agreed to accept the sponsored appraiser's estimate. It is seldom that a claim is settled at a higher figure than the sponsored appraiser's estimate.
21. The nationwide application of the Plan involves a continuous intercourse among the states composed of memoranda, correspondence, directives and other communications to and from and between the CCC, defendants, Claims Bureau, member companies, Councils and sponsored appraisers.

VI OFFENSES CHARGED

22. Beginning in or about 1947, and continuing up to and including the date of the filing of this complaint, the defendants and co-conspirators have engaged in a combination and conspiracy in unreasonable restraint of the aforesaid trade and commerce in the adjustment and settlement of automobile property insurance claims, the automobile material damage appraisal business and the automobile damage repair business, in violation of Sections 1 and 3 of the Sherman Act. Defendants are continuing and will continue said offenses unless the relief herein prayed for is granted.
23. The aforesaid combination and conspiracy has consisted of a continuing agreement and concert of action among the defendants and co-conspirators to eliminate competition among member companies in the adjustment and settlement of automobile property insurance claims, among appraisers and among repair shops, in order to control and depress automobile material damage repair costs through boycott, coercion and intimidation of repair shops.
24. Pursuant to and in effectuation of the aforesaid combination and conspiracy the defendants and co-conspirators did those things which, as hereinbefore alleged, they agreed to do and, among others, did the following things: (a) Refused to recognize or sponsor more than one appraiser in a territory designated by a Council or the CCC; (b) Coerced sponsored appraisers to operate only in the territories in which they are sponsored; (c) Induced member companies to channel their automobile material damage appraisal business to the sponsored appraiser and boycott other business to the sponsored appraiser and boycott other automobile material damage appraisal businesses; (d) Encouraged the use of sponsored appraisers by others to increase the effectiveness of the Plan; (e) Required sponsored appraisers to conform their operations to the Plan and withdrew or threatened to withdraw the sponsorship of appraisers who failed to do so; (f) Required fees charged by sponsored appraisers to be approved by Councils or the CCC; (g) Induced member companies to refuse to settle a claim for an amount greater than a sponsored appraiser's estimate of the automobile material damage repair costs; and (h) Induced member companies to channel automobile material damage repair business to those repair shops which will, and boycott those repair shops which will not: (1) Accept the sponsored appraiser's estimate as to the cost of repairs; (2) Give a price discount on replacement parts; (3) Maintain hourly labor rates at a figure which is considered the lowest possible rate in the area; and (4) Accede to the sponsored appraiser's determination of time allowances.

VII EFFECTS

25. The aforesaid offenses have had, among others, the following effects: (a) Elimination of competition in the adjustment and settlement of automobile property insurance claims, in the automobile material damage appraisal business and in the automobile material damage repair business; (b) Non-sponsored appraisers engaged in or desiring to engage in the automobile material damage appraisal business have been foreclosed from a substantial segment of the business; (c) Repair shops which refuse to accept the sponsored appraisers' estimate have been foreclosed from a substantial segment of the automobile material damage repair business; and (d) Prices charged by repair shops have been subjected to collective control and supervision by defendants and co-conspirators. PRAYER WHEREFORE, the plaintiff prays:
 1. That the aforesaid combination and conspiracy be adjudged and decreed to be in violation of Sections 1 and 3 of the Sherman Act.
 2. That each of the defendants, their officers, directors, agents, and employees, and all committees or persons acting or claiming to act on

behalf of the defendants or any of them, be perpetually enjoined from continuing to carry out, directly or indirectly, the aforesaid combination and conspiracy to restrain interstate trade and commerce in the adjustment and settlement of automobile property insurance claims, the automobile material damage appraisal business and the automobile material damage repair business; and that they be perpetually enjoined from engaging in or participating in practices, contracts, agreements, or understandings, or claiming any rights thereunder, having the purpose or effect of continuing, reviving, or renewing the aforesaid offense or any offenses similar thereto. 3. That each of the defendants be enjoined from, either individually or in concert with others: (1) sponsoring or preferentially dealing with any appraiser; (2) boycotting any appraiser; (3) exercising any control over or influence upon the activities of any appraiser; (4) channeling or attempting to channel automobile material damage repair business to any repair shop or type of repair shop; (5) boycotting any repair shop or type of repair shop; or (6) coercing any repair shop to conform to its prices for repair work or parts to the estimates of any appraiser or otherwise influencing the prices for repair work or parts. 4. That each of the defendants be ordered to amend its by-laws to require each of its member companies to refrain from acting in concert with any other companies in: (1) sponsoring or preferentially dealing with any appraiser; (2) boycotting any appraiser; (3) exercising any control over or influence upon the activities of any appraiser; (4) channeling or attempting to channel automobile material damage repair business to any repair shop or type of repair shop; (5) boycotting any repair shop or type of repair shop; (6) coercing any repair shop to conform its prices for repair work or parts to the estimates of any appraiser or otherwise influencing the prices for repair work on parts; and to make compliance with such requirements a condition of membership. 5. That pursuant to Section 5 of the Sherman Act an order be made and entered herein requiring defendants AMIA and NAMCC to be brought before the Court in this proceeding and directing the Marshal of the Northern District of Illinois to serve summons upon AMIA and NAMCC. 6. That the plaintiff have such other and further relief as the nature of the case may require and the Court may deem just and proper. 7. That the Plaintiff recover the costs of this suit. Dated: New York, New York October 22nd 1963 signed by: Robert F. Kennedy Attorney General William H. Orrick, Jr. Assistant Attorney General Baddia J. Rashid Attorney, Department of Justice John H. Waters Attorney, Department of Justice William H. Rowan Attorney, Department of Justice -----

IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

CIVIL ACTION No. 63 Civ. 3106 ENTERED: November 27, 1963 UNITED STATES OF AMERICA, Plaintiff v. ASSOCIATION OF CASUALTY AND SURETY COMPANIES, AMERICAN MUTUAL INSURANCE ALLIANCE and the NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES, Defendants

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on October 23, 1963, and the plaintiff and the defendants, by their respective attorneys, having consented to the entry of this Final Judgment without admission by any party with respect to any issue herein; NOW, THEREFORE, before the taking of any testimony herein, without trial or adjudication of any

issue, and upon such consent, as aforesaid, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

I. This Court has jurisdiction of the subject matter hereof and the parties hereto and the complaint states a claim upon which relief can be granted under Sections 1 and 3 of the Act of Congress of July 2, 1890, commonly known as the Sherman Act, as amended.

II. The provisions of this Final Judgment shall be binding upon each defendant and upon its officers, directors, agents, servants, employees, committees, successors and assigns, and upon all other persons in active concert or participation with any defendant who shall have received actual notice of this Final Judgment by personal service or otherwise.

III. (A) Each defendant is ordered and directed within ninety (90) days from the entry of this Final Judgment to terminate, cancel and abandon the Independent Appraisal Plan, sometimes known as the Automotive Damage Appraisal Plan, which the defendants have established and are now administering, and each defendant is enjoined from reviving, renewing or again placing into effect that plan. (B) Defendants are ordered and directed within ninety (90) days from the entry of this Final Judgment to send written notice, in the form attached hereto as an exhibit, stating that all defendants have terminated, cancelled and abandoned the Independent Appraisal Plan (1) to each appraiser sponsored under the Plan, (2) to each member company, and (3) to each Local Casualty Insurance Claims Managers' Council.

IV. (A) Each defendant is enjoined from placing into effect any plan, program or practice which has the purpose or effect of: (1) sponsoring, endorsing or otherwise recommending any appraiser of damage to automobile vehicles; (2) directing, advising or otherwise suggesting that any person or firm do business or refuse to do business with (a) any appraiser of damage to automobile vehicles with respect to the appraisal of such damage, or (b) any independent or dealer franchised automotive repair shop with respect to the repair of damage to automobile vehicles; (3) exercising any control over the activities of any appraiser of damage to automobile vehicles; (4) allocating or dividing customers, territories, markets or business among any appraisers of damage to automobile vehicles; or (5) fixing, establishing, maintaining or otherwise controlling the prices to be paid for the appraisal of damage to automobile vehicles, or to be charged by independent or dealer franchised automotive repair shops for the repair of damage to automotive vehicles or for replacement parts or labor in connection therewith, whether by coercion, boycott or intimidation or by the use of flat rate or parts manuals or otherwise.

(B) Nothing in Subsection (A) above shall be deemed to prohibit the furnishing to any person or firm of any information indicating corrupt, fraudulent or unlawful practices on the part of any appraiser of damage to automotive vehicles or any independent or dealer franchised automotive repair shop, so long as the furnishing of such information is not part of a plan, program or practice enjoined in paragraphs (1) through (5) of Subsection (A) above. Each defendant shall include in any report of such information an affirmative statement that such report is not a recommendation and that the person or firm to whom such report is furnished should independently determine whether to do business with any appraiser or automotive repair shop to which the report relates.

V. Defendants are ordered and directed within ninety (90) days from the entry of this Final Judgment to cause the character of each Local Casualty Insurance Claims Managers' Council to

be amended so as to incorporate therein a declaration of policy that the Council shall not engage in any activity prohibited by Section IV of this Final Judgment.

VI. Nothing in Section IV of this Final Judgment shall be deemed to determine or constitute a waiver of any rights or immunities that defendants may have under the Act of Congress of March 9, 1945, commonly known as the McCarran-Ferguson Act.

VII. (A) For the purpose of determining and securing compliance with this Final Judgment and subject to any legally recognized privilege, duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to any defendant made to its principal office, be permitted (1) access during the office hours of such defendant to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of such defendant relating to any of the matters contained in this Final Judgment during which time counsel for such defendant may be present; and (2) subject to the reasonable convenience of such defendant and without restraint or interference from it to interview officers or employees of such defendant, who may have counsel present, regarding any such matters. (B) Any defendant, on written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, shall submit within a reasonable time such reports in writing, under oath if requested, with respect to any matters contained in this Final Judgment as may be reasonably necessary for the purpose of the enforcement of this Final Judgment. (C) No information obtained by the means provided in this Section VII shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Executive Branch, except in the course of legal proceedings to which the United States of America is a party for the purpose of securing compliance with this Final Judgment or as otherwise required by law.

VIII Jurisdiction is retained for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment or for the modification or termination of any of the provisions thereof, and for the enforcement of compliance therewith and punishment of violations thereof. Dated: November 27, 1963 /s/ Edward C. McLean United States District Judge -----

IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

CIVIL ACTION No. 63 Civ. 3106

Filed October 23, 1963 UNITED STATES OF AMERICA, Plaintiff v. ASSOCIATION OF CASUALTY AND SURETY COMPANIES, AMERICAN MUTUAL INSURANCE ALLIANCE and the NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES, Defendants. STIPULATION. It is stipulated by and between the undersigned parties, by their respective attorneys, that: (1) The parties consent that a Final Judgment in the form hereto attached may be filed and entered by the Court at any time after the expiration of thirty (30) days following the date of filing of this Stipulation without further notice to any party or other proceedings, either upon the motion of any party or upon the Court's own motion, provided that

plaintiff has not withdrawn its consent as provided herein; (2) The plaintiff may withdraw its consent hereto at any time within said period of thirty (30) days by serving notice thereof upon the other parties hereto and filing said notice with the Court; (3) In the event plaintiff withdraws its consent hereto, this Stipulation shall be of no effect whatever in this or any other proceeding and the making of this Stipulation shall not in any manner prejudice any consenting party in any subsequent proceedings. Dated: October 23, 1963. For the Plaintiff: WILLIAM H. ORRICK, JR. Assistant Attorney General JOHN H. WATERS WILLIAM D. KILGORE, JR. WILLIAM H. ROWAN BADDIA J. RASHID CHARLES F. B. McALEER Attorneys, Department of Justice For the Defendant Association of Casualty and Surety Companies: ROBERT MacCRATE For the Defendants American Mutual Insurance Alliance and the National Association of Mutual Casualty Companies: HUGH B. COX -----