

OIC Rules Coordinator

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Dear Office of Insurance Commissioner,

I am the owner of Modern Collision Rebuild & Service on Bainbridge Island and the Collision chair of Northwest Auto Care Alliance or NWACA representing over 25 independent collision shops here in Washington state.

As the Office of the Insurance Commissioner considers new rules and regulations affecting the collision repair and insurance claims process, I am writing to provide a perspective from the front lines of the repair industry. As an independent collision repair facility, we work directly with consumers every day—navigating the claims process, addressing vehicle safety requirements, and managing insurer-imposed limitations. Over time, it has become clear that the current regulatory framework does not adequately protect consumer safety or allow for fair competition in the repair marketplace.

This letter is intended to outline some of the everyday struggles that consumers and independent shops like ours, and the ones I represent, face when dealing with current insurance practices. I cannot emphasize enough the urgent need for specific, pointed regulatory language to address these issues. Without clear rules, insurers will continue to exploit the current vague provisions, leaving consumers confused and unprotected.

1. Steering and Consumer Choice

One of the most significant issues is insurer steering. Insurers routinely pressure or mislead consumers into using their “preferred shop” or “Direct Repair Program” (DRP), often implying that consumers must use a particular facility or risk delays, additional costs, or lack of warranty. Our members constantly have customers who are steered in one way or another to use one of the insurance company repair facilities. I have personally been on the phone with the customer and the insurance company. The adjuster then told the customer they could not have their car repaired at our shop and had to go to one of their

preferred shops or they would not pay for the repairs. These tactics limit consumer choice and give insurers excessive control over where and how repairs are performed.

Many consumers are unaware of their right to choose their own repair facility. They place their trust in their insurer, believing the insurance company has their best interests in mind. Unfortunately, that trust is frequently exploited. Time after time our NWACA members experience consumers arriving at the shop of their choice to have their vehicle repaired. Then, they submit it to the insurance and at that point they experience claim processing delays sometimes for weeks, misinformation about shop warranties, repair practices, or out of pocket costs. They are then pressured to have their vehicle repaired at one of the insurance “Preferred” or DRP shop that they did not choose.

Clear anti-steering language is essential. Vague provisions are not enough—insurers will always find a way around them or blatantly ignore them. Washington must adopt strong, enforceable rules that explicitly prohibit insurers from directing, influencing, or misleading consumers in any way regarding their choice of repair facility.

2. Safety Risks Embedded in Preferred and DRP shop Contracts

“Preferred” or “DRP” contracts are written primarily to control costs—not to ensure safe, OEM-compliant repairs. Shops that participate in those programs must agree to follow insurer pricing structures and restrictions, often at the expense of consumer safety and following strict manufacturer repair procedures.

Modern vehicles incorporate advanced ADAS safety systems, advanced materials, electronics, and crash tested designs that require precise OEM repair steps, specialized equipment, and thorough calibrations. When insurers dictate what can or cannot be billed, critical operations are frequently excluded. This leads to unsafe or incomplete repairs, placing consumers and their families and others on the road at risk in the event of a future collision.

Regulatory language should make clear that **insurer contracts cannot override OEM procedures**, and that cost-saving measures cannot come at the expense of vehicle safety.

3. Rate Suppression Through Artificial “Market Rates”

Insurers frequently claim that the discounted rates negotiated in “Preferred” or “DRP” contracts represent the prevailing “market rate.” This is misleading and fundamentally inaccurate. Those rates are not the result of an open, competitive market, they are insurer-controlled figures tied to contractual arrangements with their Preferred or DRP shops that independent shops cannot and should not be forced to accept. Recently, after paying \$80 per hour for the last 2 years, we had an insurer lower the rate they pay by \$6.00 an hour to \$74 per hour because “they did a survey and found out that they were paying too much per hour”. When I asked for a copy of the “survey” they were referring to, they would not provide it to me or their insured customer. Lowering “their” rates is absurd given the rising cost of everything in this economy and unfortunately it costs the consumer if they want a safe OEM approved repair.

Independent repairers like us that are not part of an insurance network are often pressured to match these artificially low rates, even when they do not reflect the actual cost of performing proper OEM-compliant repairs. This practice suppresses fair competition undermining the sustainability of quality and safety-focused, independent repair facilities.

Regulations must establish a clear distinction between DRP contract rates and true market rates. A legitimate market rate is determined by what qualified, independent repairers charge—not by insurer-negotiated discounts.

4. Competency and Independence of Appraisers

A constant challenge in the claims process is dealing with insurance appraisers and adjusters who lack technical repair knowledge and experience. Many adjusters are not trained collision professionals, yet they have been given the authority to approve or deny repair procedures. We regularly educate insurance adjusters when reviewing estimates provided to them on why certain steps and procedures are required, showing them where the manufacture outlines the proper repair procedure. Even with this information repair procedures and processes are regularly denied.

Independent collision shops routinely encounter appraisers who dismiss OEM procedures as “recommendations”, refuse to authorize required safety inspections or calibrations, or apply “industry standard guidelines” in place of manufacturer requirements. What is their definition of “industry standard guidelines”? Their Preferred or DRP shop does not do it, and the insurance company will not pay for it. This undermines both the repair process and consumer safety.

Regulations must include clear, enforceable standards for appraiser competency and independence. Appraisers should be required to have certain industry certifications, follow OEM procedures and act without insurer influence. They should not be permitted to override the professional judgment of trained experienced collision repairers based on insurer cost-containment priorities.

5. Consumer Harm and the Need for Specific Regulatory Language

Each of these issues—steering, unsafe Preferred and DRP shop practices, market rate suppression, and unqualified appraisers—ultimately harms consumers and their safety. They face delays, confusion, unexpected costs, and in some cases, unsafe repairs that could fail in a future collision. These harms are not isolated incidents; they are systemic outcomes of insurer business models that exploit vague or outdated regulations.

As the Office of the Insurance Commissioner drafts new rules, I strongly urge you to adopt specific, pointed regulatory language that:

- Prohibits all forms of insurer steering, both direct and indirect.
- Establishes that insurer contracts or industry standard practices cannot dictate or override OEM repair procedures.
- Clarifies that negotiated DRP rates are not market rates, also making rate surveys accessible to both the consumer and shops.
- Requires appraisers to be competent, independent, trained on proper repairs guided by OEM standards.
- Prioritizes consumer safety and choice as the core priority of Washington’s regulatory framework.

Independent collision repair shops play a critical role in ensuring vehicles are repaired safely and correctly, but we cannot do this effectively in an environment dominated by insurer tactics that prioritize cost savings over consumer safety. Strong, clear rules are necessary to protect consumers, and support a fair, competitive repair market.

As the Collision Chair and representative of NWACA collision shops and a collision shop owner myself, I urge the Office of the Insurance Commissioner to adopt regulations that close loopholes, address insurer steering and cost-cutting practices that jeopardize consumer safety and choice and require technical competence in claim handling. Doing so will strengthen consumer trust, improve repair safety, and ensure Washington's regulations lead the industry and reflect the realities of modern vehicle repair.

Thank you for your time and commitment to this important issue. I would be glad to provide further examples or testimony to support your rulemaking process.

Sincerely,
Micah Strom
NWACA Collision Chair
Modern Collision Rebuild & Service - Owner