

SENATE COMMITTEE ON TRANSPORTATION

MINUTES OF MEETING

WEDNESDAY, FEBRUARY 17, 1971

HELEN HERR, CHAIRMAN

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The meeting was called to order at 12:20 P.M. by Senator Herr, Chairman.

PRESENT: SENATOR HERR
 Senator Monroe
 Senator Drakulich
 Senator Dodge
 Senator Harris
 Senator Pozzi
 Senator Manning

Witnesses: Mr. Thomas H. Klune, Independent
 Garage Owners Association
 Mr. James Patton
 Mr. Dietrich
 Mr. Preston, Pres. Preferred Auto Body
 Mr. Robert Grupedynfci
 All body shop owners of Reno.

The meeting was called to order at 12:20 P.M. by Senator Herr, Chairman.

The two bills under consideration were S.B. 83 and S.B.84.

Senator Pozzi stated that he wished to discuss both bills; he said that two years ago similar legislation was presented, and that nothing could be done with it. He stated that he did not have a body shop in his place of business, but there were occasions when he had insurance claims.

Senator presented a letter received from the law firm of Graham and Hawkins, of Jefferson City, Missouri. A national study had been made and the letter gave an opinion on the legality of automobile dealers giving discounts. In some cases where the work was paid for by the customer's insurance company, and where such discounts were not extended to the customer when no insurance was available. The Robinson-Patman Act was discussed. Senator Pozzi cited an Oklahoma case, which came under the Robinson-Patman Act. The Senator stated, that in his opinion there was a violation of the anti-trust law. He said that in case after case where body shops had given discounts they had gone out of business. Referring to payments of accounts for damage against insurance companies, the account had not been paid in 105 days; that 105 days was too long to wait. In another instance it was 150 days before the account was paid. The Senator stated that most business men pay their accounts within thirty days. He stated that labor is paid every Friday night of the week; he stated that he was not referring to liability claims, but to damage to cars. Financially speaking the car is back on the highway long before a patient is back in his automobile. He stated that the adjusters come around from the companies and expect you to knuckle down. I know how they have done business, and that money had passed under the table.

It was stated that this was intolerable, and that a violation of the anti-trust act could be proved. The Senator said these are the things people are interested in. Many Reno people give discounts. It was stated that there was one specific case where the bill was \$900.00. When the adjuster came in, he said: "Where is the discount?"

Mr. Thomas H. Klune, representing the Independent Garage Owners' Association of Northern Nevada, spoke on the bills. He stated that there was not much more to be said, in addition to what Senator Pozzi had said. Mr. Klune stated that they were interested in justice to the men in the body shops; that a small shop has a difficult time from the pressures of the insurance companies; he also stated that he represented 90% of the body shops in Reno. He mentioned the Sierra Plaza in Reno; that two large companies requested that their insurance go to certain body shops to have window damage repaired. Mr. Klune stated that the shop owners had no way of soliciting business from the people who own cars. When a man needed his windshield replaced he was told he had to go to a certain shop. It was stated that was just one case; that there were hundreds like it.

Mr. Jim Patton stated that he owned a body shop in Reno, and he spoke of specific cases where windshields, or the glass in car windows had to be replaced and the insured was told to go to certain places to have the work done.

Mr. William Dietrich, another owner of a body shop in Reno, stated that they were part of a National Association of Independent Garage Owners of America; that he was in favor of the bills because of the partiality shown and the demands that were made on the independent garage owners. He stated that there were discounts being paid in Reno, and the insurance rates would surely go up as a result of these practices . He stated that the insurance companies want you to discount labor, and everything pertaining to the automobile. He stated that he had given Senator Harris a copy of a brief in regard to All State establishing a flat rate; they even dictated to the shop owners to put in certain items. In one area the insurance company demanded a flat rate as far as work was concerned. We are in a helpless situation; that all the insurance companies care about is how cheap they could get a job done.

Senator Dodge inquired: "Assuming that we enact S.B. 84, what guarantee do we have that we are not going to have the rates jacked up?"

The Senator stated that the public interest should be larger than an individual industry. If, in fact, there was not some control in rate structure you men could get together and ask the insurance companies to pay; then you would pass it on to the public. He stated that we all had our responsibility in property damage and public liability. We should hold costs down to the travelling public."

Mr. Elmer Preston of Reno stated that in the last two years the indepeodent body shop owners in Reno had to take some safeguards; they were brought before the Federal Commission, it was merely a technicality. It was the same thing as the insurance companies are doing now; that the independent shop was doing the same thing; that they were out of line on price.

Senator Drakulich stated that he knew most of the body shop owners present; that they were friends of his. The Senator stated that the insurance companies should not tell people where to go to take their work. He stated that the body shop owners have never governed themselves. He said that he would send men out to get bids; that there was quite a difference between northern and southern Nevada rates. Senator Drakulich stated that he was not in favor of them being told where to and where they should not go. He reiterated that the auto body industry should learn to control themselves; that the people who pay premiums should be considered.

Mr. Dietrich spoke on the matter of establishing rates or prices. All State Insurance Company charged \$12.00 an hour for their work; that they demanded the shop industry to do the work for \$8.50 and \$9.00 per hour for the same work. State Farm saved sixteen and a half million dollars last year in discounts alone.

Getting back to the same question: Most of these fellows have been in business all of their lives; the insurance company takes the attitude, take it, or leave it. I have done jobs over from dealers and other shops in our town from those who took these low bids.

Senator Draculich inquired if the gentleman had proof that inferior work had been done? Mr. Dietrich said it could be furnished.

Senator Harris stated that his insurance people just tell him to go and get his work done; that they do not tell him where to go.

Reference was made to the big three, Farmers, All State, and Farm Insurance; it was said that they had many adjusters in Las Vegas. Most of the agencies will ask you to get two estimates.

Senator Pozzi referred to Senator Dodge's remarks regarding rates. He said look at the commissions paid to the Insurance Commissioner. He stated that he just sold cars.

Senator Drakulich stated that he thought the public interest was not being served by the rates.

Mr. Dietrich relied to the above reference on rates: In one instance, the insurance appointed their adjuster. The reason for this independent adjuster is because he could not do body work, which paid him \$4.50 an hour. That these adjusters go to a school for a few weeks to learn estimates, and they use a book which says it takes one and a half hours to do a job, when in fact it takes much longer. After he goes to school he goes to work as an adjuster for an insurance company where he averages \$1200 to \$1500 a month; he stated that there was not a body man in his employ who was making this kind of money.

Senator Drakulich stated that while he could see some differences, he had not seen a body shop owner who was starving to death.

Mr. Robert Grupedynci, another body shop owner from Reno stated that he had talked to one adjuster who four years ago was making \$4.50 an hour; that today he was making \$1200.00.

The Chairman dismissed all witnesses.

There being no further business to come before the meeting, it was ad journed at 1:45 P.M. intil Monday, February 22, 1971.

Respectfully submitted,

E. Story, Secretary

APPROVED:

HELEN HERR, CHAIRMAN

SENATE

AGENDA FOR COMMITTEE ON TRANSPORTATION

Date Feb. 17, 1971 Time 12:45 PM Room 335

Bills or Resolutions
to be considered

Subject

Counsel
requested*

S. B. 83

Requires payment of certain claims by
insurance companies within a time
certain and places liability for
vehicle towing and repair ^{charges} changes
upon insurance companies after notice.

S.B. 84

Permits automobile insurance policy
holders to have repairs done at
garage of their choice.

*Please do not ask for counsel unless necessary.

HEARINGS PENDING

Date _____ Time _____ Room _____
Subject _____

Date _____ Time _____ Room _____
Subject _____

SENATE COMMITTEE ON TRANSPORTATION

HELEN HERR, CHAIRMAN

WEDNESDAY, FEBRUARY 17, 1971

12:30 P. M. Room 335

1. REASON FOR MEETING:

To hear testimony on _____

2. LIMITATIONS OF COMMITTEE (if any)

3. PROCEDURE WE WILL FOLLOW:

Persons wishing to testify will ~~come to~~
~~the table~~ identify himself, and state
who he represents.

Persons wishing to speak in favor of the
bill will be heard first.

CHAIRMAN: Any questions from the Committee?

We will then hear from those who may have
an alternate plan, or opposition.

Identify and state their opposition.

CHAIRMAN: Any questions from the Committee?

4. DISMISS THOSE WHO HAVE TESTIFIED.

5. ACTION: _____

SENATE STANDING COMMITTEES

A G E N D A

SENATE COMMITTEE ON TRANSPORTATION

DATE: Feb. 17, 1971 ROOM NO. 335 TIME 1 P.M.
~~2:30 P.M.~~

SUBJECT:

Hearing on S.B. 83 and S. B. 84

Helen Herr,
CHAIRMAN