

Alliance of Automotive Service Providers, Minnesota (AASP-MN)
Collision & Government Affairs Advisory Committee Meeting
Meeting Recap
Tuesday, December 3, 2020

Present: Aaron Rolfsrud, Travis Doyle, Matt Feehan, Jake Moser, Jesse Jacobson, Aaron Swanson, Randy Miller, Mike Cox, Jim Siegfried, Will Latuff, Bob Auman, Carol Keyes, Dale Feste, John Ritter, Jr., Dan Sjolseth, Bruce Tschida, Darrell Amberson, Judell Anderson, Kevin Walli, Sam Richie

WELCOME AND CALL TO ORDER

The meeting was called to order by Jim Siegfried. Participants introduced themselves.

NOVEMBER ELECTIONS

Kevin Walli provided an assessment of the state-level election results and how they affect the configuration of committees and committee chairs in the Minnesota House and Senate. The election narrowed the majority control of each body but will have little effect on the political make-up of committees.

The House Commerce Committee will have a new Chairman, Representative Zack Stephenson (DFL-Coon Rapids). Members, including Bob Auman who is a resident of Coon Rapids, discussed reaching out to Representative Stephenson to request a meeting and provide information about the repair industry.

2021 LEGISLATIVE PLANNING

- **Salvage Title Update**
Kevin and Judell reported on a meeting held earlier in the day with representatives of the Auto Auctions, Insurance Federation, Legal Aid, Department of Public Safety and Representatives Youakim and Lucero on possible amendments to the Minnesota salvage title statute – Minn. Stat. § 168A.151.

LKQ is behind a proposal to amend the salvage title statute to remove “high-value” and “late model” – essentially making *all* vehicles subject to salvage title requirements. Representative Lucero’s bill seeks to more specifically identify the nature of the damage that led to the requirement of a salvage title for a vehicle.

There is concern that being too stringent with salvage title requirements could restrict access for low and moderate-income consumers to vehicles that can readily and safely be repaired. The underlying interest of Legal Aid is to improve information available to consumers about vehicles that have sustained damage.

AASP-MN will continue to participate in discussions regarding any proposed change to the salvage title statute. Members indicated a willingness to adjust the definitions of “high-value vehicle” and/or “late-model vehicle” to increase the value and/or age of vehicles subject to salvage title.

- **AASP-MN Initiatives**
Committee members proceeded to discuss several different proposals that had been raised at the September meeting of the Collision Advisory and Government and Regulatory Affairs Committees.

OEM Repair Procedures: The late 2019 negotiation process with the Insurance Federation of Minnesota regarding making it an unfair claims practice to deny payment for repairs which followed the guidance of original vehicle manufacturers was reviewed. The “compromise” language which had been arrived at was ultimately not acceptable to the repair industry. A bill proposed by AASP-MN was introduced in the 2019 Session and an “Informational Hearing” was held in the House Commerce Committee in early 2020. However, the bill was never presented for a vote by the Committee.

AASP-MN Committee Members noted that the OEM repairs issue will be difficult to win unless the manufacturers become more engaged in the legislative process and more specific regarding repair procedures. It was a Committee consensus to hold off on this issue unless we could find some accommodation from the insurance industry.

Parts Procurement: Members were very interested in determining whether we could find insurance industry support (or neutrality) on establishing a local market area of 150 miles for procurement of parts for repair shops.

Members talked about the reliability of purchases from people who are closer at hand and are better known by the repair shops. This is more of a “buy local” approach that might receive favorable consideration at the Legislature as efforts are underway to rebuild the state economy. Having a somewhat narrower “local market area” from which to secure replacements parts would help shops address the rate of return of parts and also the timeliness for receiving parts.

Members speculated as to whether local parts companies such as AAA or LKQ would support such an initiative. The general feeling was that there could be a positive response from these regional parts suppliers. Having more rapid shipments and fewer returns would reduce repair cycle time at repair shops. It was noted that this could significantly shorten vehicle rentals paid for by the insurers and thereby save them money on the claim.

This was considered to be an issue worth pursuing in future discussions with legislators and the Insurance Federation of Minnesota.

Photo Estimating: AASP-MN has been concerned about claim settlement offers based solely on insurance company photo estimating applications. A key concern for the repair shops is the bad position it puts them in when the insurer makes an estimate based on photographs and the repair shop, upon inspection of the vehicle, determines that there is significantly more damage than was captured in a photograph. Ultimately, the Committee determined that it would not make this a priority item for 2021. It is more specifically a consumer issue rather than a repair shop issue.

Steering: Shops continue to be concerned about steering practices by insurers. One of the practices some insurers use to “enforce” their shop preferences is to slow the repair process at out-of-network shops. AASP-MN members recommend a “tightening” of the timeframe within which insurers must process claims and arrive at a final price in order to allow work to proceed. Again, this timeliness issue could benefit insurers, insureds and repair shops by improving cycle time, getting the insured back into their vehicle and limiting the time and expense for insurers to provide rental vehicles to their insureds.

The Committees requested that steering be part of the discussion which takes place between AASP-MN and the Insurance Federation in the coming weeks.

Next Steps: Committee members clearly understand the circumstance we face at the Capitol in trying to seek legislative changes over the objection of the Insurance Federation of Minnesota. Aaron Cocking has replaced Bob Johnson as the President of the Federation. He comes with past experience as Committee Administrator for the Republican-controlled Senate Commerce Committee and also worked in a research capacity for the Senate Republican Caucus. He is well known at the Capitol from his previous work.

Mr. Cocking has indicated a willingness to meet with AASP-MN to discuss our legislative initiatives. He has voiced an intention to consider finding common ground when possible.

AASP-MN will request a meeting with Mr. Cocking and representatives from the Insurance Federation early in 2021. Jim Siegfried, Bruce Tschida and Darrell Amberson agreed to participate in the meeting.

OTHER OLD/NEW BUSINESS

- OSHA Update: Carol Keyes reported that OSHA is following-up on COVID complaints. She noted that if a business lacks a COVID plan, they could be cited by OSHA. Carol also noted that Minnesota's guidelines for COVID response are consistent with the Center for Disease Control Guidelines. The Guidelines relate to the timeframe for quarantines and scheduled testing.
- Podium Webinar: Judell inquired as to whether members were interested in a webinar on the "Modern Customer Journey", presented by Podium. A number of members indicated an interest in learning more about the program.
- adasThink: Judell indicated the company had contacted her regarding collaborating to offer a group discount and/or other support to association members. Members approved of pursuing this opportunity.
- CARS Cooperative: Judell reminded members to activate their membership with CARS Cooperative to take advantage of the rewards, discounts and other benefits offered.

UPCOMING EVENTS

- AWAIR training – now available on-demand
- Race for Automotive Education – postponed
- BS Session – featuring the DEG will be scheduled in late January/early February
- 2021 Annual Meeting & Leadership Conference – May 20th (ADAS will remain the topic of the roundtable discussion session)
- Golf Outing – TBD

SCHEDULE NEXT MEETING & ADJOURN

The next meeting of the Collision Advisory and Government and Regulatory Affairs Committees will be scheduled in early February – following the AASP-MN meeting with the Insurance Federation of Minnesota. There being no further business, the meeting was adjourned.