

Independent Glass Association (IGA) Proposed Amendments to Illinois HB 4373 Motor Vehicle Glass Repair Act

Purpose of Amendments

To preserve consumer safety and transparency while ensuring **genuine freedom of choice, fair market reimbursement, and balanced regulation** of insurers, third-party administrators (TPAs), and motor vehicle glass repair facilities. These amendments correct structural defects derived from the NCOIL model and prevent unintended consolidation and steering.

AMENDMENT 1 - Limited Post-Loss Authorization / Standing to Resolve Claims

Current HB 4373 Language (summary):

Any assignment, delegation, or transfer of rights or benefits under an insurance policy is void and unenforceable.

IGA Proposed Amendment (Redline):

Any assignment, delegation, or transfer of rights or benefits under an insurance policy covering motor vehicle glass repair or replacement is void and unenforceable **except as provided below**.

Add New Subsection: Limited Post-Loss Authorization

A policyholder may execute a **limited post-loss authorization** that:

1. Directs payment of insurance proceeds to a motor vehicle glass repair facility;
2. Authorizes the facility to communicate with the insurer or its third-party administrator regarding the claim; and
3. Grants the facility standing to dispute invoice amounts, supplement denials, or underpayment **related solely to the glass repair, replacement, or recalibration performed**.

Such authorization:

- Shall **not** transfer policy ownership, coverage determinations, or extra-contractual rights;
- Shall be revocable by the policyholder at any time; and
- Shall apply only to the specific loss identified.

Rationale:

Prevents fraud while avoiding unnecessary claim delays and consumer burden. Eliminates insurer leverage created by referral-number gatekeeping.

AMENDMENT 2 - Fair and Transparent Reimbursement Standard

Current HB 4373 Language (summary):

Repair facilities may not charge more than “reasonable and customary” fees.

IGA Proposed Amendment:

Replace “reasonable and customary” with:

Prevailing competitive market rate for the geographic area in which the repair, replacement, or recalibration is performed.

Add Definition: Prevailing Competitive Market Rate

“Prevailing competitive market rate” means a rate that:

1. Reflects prices charged by **independent, unaffiliated repair facilities** in the same geographic market;
2. Is **not established solely** by an insurer, third-party administrator, or affiliated entity; and
3. Is determined using **transparent, verifiable data from multiple sources**.

Add Prohibition:

An insurer or third-party administrator may not limit reimbursement based exclusively on a single pricing benchmark, internal schedule, or affiliate-controlled database.

Rationale:

Prevents insurer-controlled price suppression while preserving legitimate cost controls tied to real market data.

AMENDMENT 3 - Enforceable Anti-Steering and Conflict-of-Interest Protections

Add New Section – Unfair Claims Handling and Steering

An insurer, third-party administrator, or their agent may not:

- a. Misrepresent coverage, claim processing time, warranty implications, safety outcomes, or payment consequences based on the consumer’s choice of repair facility;
- b. Require, pressure, or coerce a policyholder to use a specific repair facility;
- c. Route, prioritize, or influence claims through scripts, algorithms, automation, or call handling practices that favor an affiliated repair facility.

Disclosure Requirement for Recommendations

Any recommendation of a motor vehicle glass repair facility must:

- 1. Disclose any **ownership, financial interest, or affiliation** between the insurer, administrator, and the facility; and
- 2. Include all known **qualified independent repair facilities** within the consumer’s geographic service area.

Rationale:

Makes the “right to choose” real and enforceable at **first notice of loss (FNOL)**.

AMENDMENT 4 - ADAS and OEM Safety Reimbursement Parity

Add New Subsection – ADAS Calibration

When an original equipment manufacturer (OEM) recommends or requires calibration following glass repair or replacement, an insurer or third-party administrator shall reimburse calibration performed in accordance with OEM specifications at the prevailing competitive market rate.

Prohibition:

Reimbursement may not be denied or reduced based on network participation, internal pricing guidelines, or affiliation status.

Rationale:

Aligns safety obligations with payment responsibility and prevents cost-driven safety compromises.

AMENDMENT 5 - Balanced Enforcement and Remedies

Current HB 4373 Language (summary):

No private cause of action.

IGA Proposed Amendment:

This section does not create unlimited litigation but **does not preclude administrative or limited civil remedies**.

Add New Subsection – Enforcement

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1. The Illinois Department of Insurance shall establish an expedited complaint and investigation process for alleged violations by insurers or TPAs.
2. A policyholder may bring a civil action limited to:
 - o Actual damages;
 - o Statutory damages not to exceed **\$5,000 per violation**; and
 - o Reasonable attorney's fees and costs.

Rationale:

Creates accountability and deterrence without encouraging excessive litigation.

AMENDMENT 6 - Balanced Presumptions and Standards

Modify Pattern-of-Conduct Presumptions

Any evidentiary presumption based on a "pattern or practice" shall apply **equally** to:

- Insurers
- Third-party administrators
- Repair facilities

Rationale:

Prevents one-sided enforcement and ensures equal treatment under the law.

Summary for Legislators

These amendments:

- Preserve consumer protection and fraud prevention
- Prevent insurer-driven steering and market consolidation
- Ensure fair, market-based reimbursement
- Protect OEM and ADAS safety compliance
- Restore balance and enforceability to HB 4373

IGA Position: HB 4373 should not advance **unless amended** to include these protections.

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