

Forward

This proposal is long overdue. For years, independent glass shops have documented systematic abuses in the auto glass claims process, abuses that inflict financial harm, mislead consumers, and undermine safety. The evidence, collected not only in South Carolina but from across the nation, reveals the same pattern time and again: steering, unfair reimbursement schemes, deceptive disclosures, and monopolistic control of claims administration by third-party administrators (TPAs) and their affiliated insurers.

The Safelite Group, along with insurers closely aligned with it, has been repeatedly named in formal complaints filed with the Department of Justice, the Federal Trade Commission, and state regulators. These complaints detail how Safelite's vertically integrated structure allows it to dominate the marketplace, using its TPA arm to funnel business into Safelite-owned shops while suppressing fair competition and forcing independents into disadvantageous reimbursement terms.

Importantly, this is not the first time Safelite has resisted reform in South Carolina. In 2012, when modest consumer protections were enacted, Safelite issued over-the-top predictions that costs would rise, warranties would vanish, and complaints would overwhelm the system. None of those predictions ever came true. Consumers continued to have coverage, warranties remained intact, and the market adjusted without harm. These scare tactics are certain to be repeated again today, but history proves they are empty threats.

And while Safelite is the most visible actor in these practices, it is not alone. Other companies, including Driven Brands and similar vertically integrated operations, are positioning themselves in the same way, seeking to combine claims administration power with direct retail operations. Left unchecked, these entities represent the next wave of consolidation and consumer harm, further eroding independent competition and transparency in the auto glass industry.

The Independent Glass Association (IGA), representing shops nationwide, has provided regulators with volumes of evidence and offered solutions through multiple complaints and policy proposals. This legislation incorporates those solutions: stronger disclosure, fair and transparent reimbursement, mandatory accreditation for safety, meaningful enforcement, and consumer remedies.

By passing this reform, the State of South Carolina can once again stand at the forefront, setting a national model that reins in abusive and monopolistic powers, restores consumer choice, and ensures that both independent businesses and policyholders can thrive in a fair marketplace.

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IGA INDEPENDENT
GLASS ASSOCIATION

South Carolina Auto Glass Reform – A Win for All

In April 2025, the National Conference of Insurance Legislators (“NCOIL”) adopted the Motor Vehicle Glass Model Act, an effort heavily influenced by large vertically integrated companies, which the Independent Glass Association (IGA) strongly lobbied against. The IGA raised serious concerns that the act, as written, failed to address steering, reimbursement abuses, transparency gaps, and safety standards in a way that truly protected consumers or allowed independent shops to compete fairly. The IGA offered substantive suggestions for improvement, many of which are now reflected in this proposed South Carolina legislation.

While South Carolina has not adopted the NCOIL model act, it is uniquely positioned to set the standard for the nation by enacting a fair and balanced law. This proposal incorporates the lessons of past debates and the corrections outlined in the IGA’s rebuttal, ensuring that consumer choice, shop independence, insurer accountability, and safety accreditation are all properly protected. By doing so, South Carolina not only safeguards its own residents and businesses, but also establishes a prevailing model for other states to follow, one that demonstrates how consumers and businesses can thrive when the rules are even and transparent.

Why This Bill Matters

Too often, glass claims are handled in ways that leave the consumer confused, the independent shop disadvantaged, and the insurer caught between competing interests. This bill brings clarity, fairness, and accountability. It does not tip the scale to favor one side—it levels the playing field.

How It Aligns with and Exceeds the IGA/NCOIL Rebuttal

- **Consumer Choice:**
IGA has called for stronger disclosure and transparency. This bill requires that all known independent shops be listed (not just insurer-controlled networks) and mandates disclosure of any TPA or ownership affiliations. Consumers finally get the whole picture.
- **Fair Reimbursement:**
The rebuttal warned against reimbursement frameworks tied solely to NAGS benchmarks. This bill fixes that, requiring prevailing market rate reimbursements grounded in real data and verified by the Department of Insurance. That’s good for shops and ensures insurers are paying fair—not inflated—rates.
- **Accreditation & Safety:**
The rebuttal supported higher standards. This bill requires accredited facilities for reimbursable work, ensuring every consumer gets a safe repair, especially when ADAS calibration is involved. Safety isn’t negotiable.
- **Enforcement & Funding:**
The rebuttal highlighted weak enforcement as a fatal flaw. This bill creates a dedicated enforcement fund, paid by modest insurer/TPA compliance fees, with meaningful penalties and even a private right of action for consumers. This ensures violations are addressed swiftly and fairly.
- **No Loopholes:**
Prior laws let vertically integrated TPAs/shops avoid accountability by claiming “less than 10%

ownership.” This bill closes that loophole completely. If you handle claims, you play by the rules—period.

A Win for All

This legislation is not about punishing insurers, handcuffing TPAs, or giving independents special treatment. It’s about:

- Consumers: getting safe repairs, fair choice, and honest disclosure.
- Insurers: operating under clear, consistent rules while protecting policyholders.
- Independent & affiliated shops alike: competing on a fair playing field where accreditation and quality win, not steering or leverage.
- Regulators: finally having the resources and authority to enforce compliance.

Setting the Example

Other states have tried piecemeal reforms. South Carolina has the chance to lead with a comprehensive solution that balances every interest and anticipates the objections already raised in the IGA/NCOIL rebuttal. By tackling transparency, reimbursement fairness, accreditation, and enforcement head-on, this bill doesn’t just fix today’s problems—it sets the standard for the entire country.

In short: this bill is a win for all—consumers, shops, insurers, and regulators—and it puts South Carolina at the forefront of consumer protection and fair competition in the auto glass industry.

Legislative Briefing Summary

South Carolina Auto Glass Repair and Replacement Reform

Purpose

This amendment modernizes and strengthens South Carolina's auto glass laws to ensure consumer choice, safety, fair competition, and accountability in insurance and third-party administrator (TPA) practices.

Key Changes and Their Importance

1. Consumer Choice and Steering Protections

- **Current Law:** Insurers/TPAs cannot directly require a specific shop, but loopholes allow indirect steering, network prioritization, and affiliated shop dominance.
- **Proposed Amendment:** Prohibits both direct and indirect steering, mandates clear disclosures (including when a TPA is not the insurer), and requires inclusion of all independent shops from public registries (AGSC, IGA, Secretary of State).
- **Importance:** Closes the steering loophole, ensures true freedom of choice, and prevents deceptive or misleading practices that funnel consumers to insurer-affiliated shops.

2. Transparency and Disclosure

- **Current Law:** TPAs must only disclose they act on behalf of the insurer.
- **Proposed Amendment:** Adds mandatory disclosures:
 - Right to choose any licensed/accredited shop.
 - Whether the claim handler is a TPA or insurer.
 - Any financial/ownership affiliations with recommended shops.
- **Importance:** Ensures full transparency, allowing consumers to make informed decisions.

3. Fair Reimbursement Standards

- **Current Law:** Shops must accept insurer's "fair and reasonable rate," often tied solely to NAGS benchmarks.
- **Proposed Amendment:** Requires reimbursement to reflect prevailing competitive market rates, based on real market data, surveys, and DOI oversight. Prohibits sole reliance on NAGS. Guarantees reimbursement for ADAS recalibration per OEM standards.
- **Importance:** Protects independent businesses from below-market reimbursements and ensures consumer vehicles are repaired safely and properly.

4. Accreditation Requirement

- **Current Law:** No accreditation standard required for insurance reimbursement.
- **Proposed Amendment:** Only nationally accredited facilities (AGRSS/AGSC/IGA or equivalent) may receive insurance reimbursement.
- **Importance:** Raises industry standards, promotes safety, and ensures repairs meet recognized quality benchmarks.

5. Warranty and Misrepresentation Protections

- **Current Law:** Insurers may discourage non-network shop use by disclaiming warranties.
- **Proposed Amendment:** Insurers may only disclose warranty facts in a non-disparaging way and cannot use warranties to steer.
- **Importance:** Prevents subtle steering through fear tactics, preserves fair consumer choice.

6. Enforcement and Penalties

- **Current Law:** Weak enforcement; violations fall under general unfair claims practices. No dedicated funding or consumer remedies.
- **Proposed Amendment:**
 - Minimum \$10,000 fine per violation.
 - DOI enforcement/audit program, funded by annual compliance fees from shops, insurers and TPAs.
 - Independent shops can submit evidence of violations.
 - Personal liability for individuals who knowingly direct violations.
 - Private right of action for consumers, including actual damages, statutory damages (\$2,500 minimum), treble damages for willful violations, plus attorney's fees.
- **Importance:** Establishes real deterrence through meaningful fines, resources for regulators, and legal recourse for consumers.

7. Closing the Ownership Exemption

- **Current Law:** Exempts insurers/TPAs with less than 10% ownership in a glass business.
- **Proposed Amendment:** Applies to all insurers/TPAs regardless of ownership or affiliation, including indirect or contractual control.
- **Importance:** Closes the Safelite loophole that allowed vertically integrated TPAs/shops to avoid regulation.

Conclusion

The proposed amendment transforms South Carolina's auto glass laws from a procedural framework with weak enforcement into a robust consumer protection statute. It ensures:

- Fair competition for independent businesses.
- Accredited, safe repairs for consumers.
- Transparency and disclosure in insurance claims.
- Accountability through enforcement, funding, and consumer remedies.

This reform aligns South Carolina with best practices in other states and addresses long-standing concerns raised by the FTC, DOJ, and independent auto glass industry regarding anti-competitive insurer/TPA practices.

Independent Glass Association

Proposed New Legislation

§ 38-57-75. Vehicle glass repair procedures.

(A) When an insured has suffered damage to the glass of a motor vehicle, "vehicle glass", both the insurer providing glass coverage and the third party administrator that administers glass coverage for that insurer may not require that repairs, replacement, or calibration of automobile safety glass be made at a particular facility, whether directly or indirectly affiliated with the insurer or administrator.

(B) When a claim for motor vehicle glass repair, replacement, or advanced driver assistance system (ADAS) recalibration is reported to an insurer, the insurer or its third-party administrator must clearly disclose:

- (1) the insured's right to select any licensed repair facility;
- (2) whether the entity handling the claim is a third-party administrator and not the insurer;
- (3) whether the recommended facility has any ownership or financial affiliation with the insurer or third-party administrator.

(C) Immediately after verification of coverage and evaluation of the damage, an insurer or third-party administrator must ascertain whether an insured has a provider of choice. An insurer or third-party administrator:

- (1) may not misrepresent that choosing a non-network facility will cause claim delays, reduced coverage, or loss of warranty;
- (2) shall provide a list of recommended shops that must include all known independent repair facilities located within the insured's service area. For the purposes of this section, 'independent repair facilities' shall be identified through publicly available repositories, including but not limited to those maintained by the Automotive Glass Safety Council (AGSC), Independent Glass Association (IGA), or the South Carolina Secretary of State's business registry, and not solely from insurer or third-party administrator data.; or
- (3) may not prioritize affiliated facilities through scripts, automated call handling, or electronic systems.

(D) When an insured requests to have covered glass repair work performed by a specific provider of choice, the insurer or third-party administrator must determine whether the selected shop is a member of the insurer's or third-party administrator's vehicle glass repair program or preferred provider list. If the provider of choice is a member of the insurer's vehicle repair program or preferred provider network, the insurer or its third-party administrator must assign the claim and provide a claim or reference number at that time to the provider of choice.

(E) When an insured requests to have covered glass repair work performed by a provider who is not a member of the insurer's or third-party administrator's vehicle repair program or preferred provider list, the insurer or third-party administrator:

- (1) Shall provide reimbursement for glass repair, replacement, and recalibration services that reflects prevailing competitive market rates and may not be set solely by the insurer, a third-party administrator, or any affiliated entity.
 - (a) Reimbursement shall not be tied exclusively to a single pricing benchmark, including but not limited to the National Auto Glass Specifications (NAGS) list price, unless adjusted to reflect actual prevailing market rates in South Carolina.
 - (b) Any use of pricing benchmarks must be accompanied by a transparent methodology demonstrating alignment with prevailing local market conditions.

(c) Reimbursement frameworks must be fair, transparent, and negotiated in good faith with independent repair facilities. Insurers and third-party administrators shall publish reimbursement methodologies upon request to ensure accountability and prevent unilateral rate-setting.

For purposes of this subsection:

(a) Prevailing competitive market rates means the typical prices charged by a representative cross-section of independent and affiliated automotive glass repair, replacement, and recalibration facilities operating within a defined geographic service area in South Carolina, for substantially similar services performed under similar conditions. These rates must be based on actual retail market data and not dictated solely by an insurer, third-party administrator, or affiliated entity.

(b) Prevailing competitive market rates may be established using one or more of the following:

- Independent surveys of retail transaction prices charged by a representative range of providers in the geographic area;
- Review of anonymized claims reimbursement data submitted to or obtained by the Department of Insurance (DOI);
- Adjusted use of pricing benchmarks, provided such benchmarks are localized and account for actual prevailing local market conditions;
- Inclusion of all known independent repair facilities identified through public registries maintained by industry associations or state agencies, and not solely through insurer or TPA-controlled databases.

(c) Local market conditions means objective, verifiable factors that impact the cost of providing automotive glass services within a geographic service area of South Carolina, including but not limited to:

- Prevailing wages and benefits for certified automotive glass technicians;
- Wholesale prices and availability of OEM and aftermarket glass and related components;
- Expenses related to ADAS recalibration equipment, tools, software, and training;
- Overhead costs such as rent, utilities, insurance, and regulatory compliance;
- Geographic variations in urban, suburban, and rural areas;
- Actual retail transaction prices charged to consumers by a cross-section of providers, excluding insurer or TPA-imposed discounts or proprietary schedules.

(2) must inform the insured that he or she may use the requested provider of choice; and

(3) must not make statements regarding the warranty offered by the provider of choice. If an insured asks the insurer or third-party administrator questions regarding a provider's warranty, the insurer or third-party administrator must refer the insured to the provider for clarification.

(4) Whenever glass replacement requires ADAS recalibration, coverage must include reimbursement for recalibration performed in accordance with OEM specifications.

(F) If an insurer or third-party administrator provides a list of recommended facilities, the list must include all known independent repair facilities located within the insured's service area. For purposes of this section, "independent repair facilities" shall be identified through publicly available repositories, including but not limited to those maintained by the Automotive Glass Safety Council (AGSC), Independent Glass Association (IGA), or the South Carolina Secretary of State's business registry, and not solely from insurer or third-party administrator data.

All recommendations must include clear disclosure of whether a recommended shop is owned, managed, or affiliated with an insurer, third-party administrator, or any subsidiary thereof.

(G) A vehicle glass repair or replacement facility, including any agent, contractor, vendor, representative, or anyone acting on its behalf, must not:

- (1) threaten, coerce, or intimidate an insured to file a claim for vehicle glass repair or replacement;
- (2) engage in unfair or deceptive practices to induce an insured to file a vehicle glass repair claim;
- (3) induce an insured to file a vehicle glass repair claim when the damage to the vehicle glass is insufficient to warrant vehicle glass repair or replacement;
- (4) perform vehicle glass repair or replacement services under an insurance policy without first obtaining insurer approval;
- (5) make any representations to an insured as to the vehicle glass coverage available under the insurance policy, including, but not limited to, representations that the insured is entitled to a free windshield; or
- (6) represent verbally, electronically, or in any other way, including, but not limited to, advertisements, websites, or any marketing materials that a claim for a windshield replacement under an insurance policy is free.

(H) The owner, lessee, or insured driver of the vehicle, or the designee of the owner, lessee, or insured driver of the vehicle, if any, must be party to the filing of a vehicle glass repair claim, otherwise known as first notice of loss. A provider of vehicle glass repair services may not serve as the designee for the insured.

(I) When an insurer or third party administrator determines that an insured's requested glass repair must be physically inspected, and the inspection is carried out by a representative of a third party administrator, that representative must not make any offer to make repairs, engage in any discussion of other glass repair facilities, or recommend any glass repair facility during the course of the inspection.

(J) An insurer, agent, or third-party administrator only may provide information about a claim to a vehicle glass repairer after the insured has selected that repairer to provide glass services.

(K) The provisions of this section apply to all insurers and third-party administrators, regardless of ownership interest, management control, or affiliation with a vehicle glass repair business. For purposes of this section, "affiliation" includes any direct or indirect ownership interest, shared management, shared branding, contractual control, or other arrangement that creates a financial or operational relationship between an insurer, third-party administrator, and a vehicle glass repair facility.

(L) Violations of this section are subject to the provisions of the South Carolina Insurance Unfair Claim Practices Act.

(M) An insurer may disclose the scope of any warranty or guarantee it offers on repairs performed through its preferred network; however, such disclosure must be made in a factual and non-disparaging manner and may not be used to discourage or dissuade an insured from selecting a non-network or independent provider. Nothing in this section shall be construed to impose liability on an insurer for the workmanship of an unaffiliated provider selected by the insured.

(N) No person, business, or facility may perform automobile glass repair, replacement, or advanced driver assistance system (ADAS) recalibration on an insured vehicle for reimbursement under an automobile insurance policy unless the facility is accredited under nationally recognized safety standards, including but not limited to ANSI/AGSC/AGRSS 005-2022, or an equivalent accreditation recognized by the Automotive Glass Safety Council (AGSC) or Independent Glass Association (IGA).

Nothing in this section prevents an insured from selecting a non-accredited provider at their own expense; however, insurers and third-party administrators are only obligated to reimburse for work performed by accredited facilities.

Proof of current accreditation shall be maintained on file and made available upon request to the Department of Insurance.

(O) Enforcement, Penalties, and Remedies.

(1) Violations of this section are punishable as a misdemeanor. Each violation constitutes a separate offense.

(2) Each violation of this section shall carry a minimum fine of ten thousand dollars (\$10,000), or such greater penalty as may be imposed under South Carolina law for a misdemeanor offense.

(3) The Department of Insurance shall establish and maintain a compliance and audit program to monitor insurer and third-party administrator practices under this section. Independent automotive glass repair facilities shall have the right to submit evidence of violations, and the Department shall issue annual public reports on enforcement actions taken.

(4) To fund these enforcement responsibilities, each insurer and third-party administrator engaged in the administration of motor vehicle glass claims in this State shall pay an annual compliance fee of not more than five hundred dollars (\$500) per calendar year, assessed and collected by the Department of Insurance. Fees collected shall be deposited into a dedicated Automobile Glass Enforcement Fund and used exclusively to support compliance monitoring, accreditation verification, and consumer protection under this chapter. The Department shall set the fee by regulation, at a level sufficient to cover the reasonable costs of administration and enforcement.

(5) Individuals who knowingly direct, authorize, or carry out violations of this section on behalf of an insurer or third-party administrator may be held personally liable and subject to civil litigation in addition to any criminal penalties provided herein.

(6) Any insured or claimant who suffers actual damages as a result of a violation of this section, including but not limited to steering, misrepresentation, denial of coverage, or reimbursement practices that substantially lessen competition, shall have a private right of action against the insurer, third-party administrator, or repair facility that committed the violation.

A prevailing consumer may recover:

- actual damages,
- statutory damages of not less than \$2,500 per violation,
- treble damages where willful misconduct is proven, and
- court costs and reasonable attorney's fees.

§ 38-57-75 CURRENT VS. PROPOSED

(A) Current:

Insurers/TPAs may not require repairs be done at a specific provider.

(A) Proposed:

Expanded to explicitly include replacement and ADAS calibration. Prohibits steering whether direct or indirect and adds the requirement that the facility must be licensed and accredited.

Importance:

Broadens consumer protection to cover calibration (critical for ADAS safety) and closes indirect steering loopholes. Accreditation adds a safety/quality requirement.

(B) Current:

Only requires TPAs to disclose they act on behalf of insurer.

(B) Proposed:

Adds mandatory disclosures:

1. Right to choose any licensed/ accredited shop.
2. Whether handler is TPA vs. insurer.
3. Any ownership/financial affiliation with insurer/TPA.

Importance:

Improves transparency and prevents consumer deception about affiliations.

(C) Current:

Insurer/TPA must check whether insured has a provider of choice.

(C) Proposed:

Adds prohibitions:

1. No misrepresentations about delays, coverage, or warranties.
2. Must provide list including all known independents from public registries (AGSC, IGA, Secretary of State).
3. May not prioritize affiliated shops via scripts/call handling.

Importance:

Closes the network list loophole. Instead of cherry-picked "preferred" shops, all independents must be visible, strengthening competition.

(D) Current:

If chosen shop is in insurer's program, insurer must assign claim/reference number.

(D) Proposed:

Same baseline but codified more explicitly to require immediate assignment when provider is in network.

Importance:

Reinforces timeliness, preventing slow-walking when insured chooses a non-affiliated but approved shop.

(E) Current:

If provider is not in network:

- Must accept "fair and reasonable" rate or consumer pays difference.
- Insurer can explain responsibility for additional costs.

(E) Proposed:

Major overhaul:

- Reimbursement must reflect prevailing competitive market rates.
- Rates cannot be tied solely to NAGS.
- Must use transparent methodologies, including surveys, DOI data, local market conditions.
- Mandatory OEM-spec reimbursement for recalibration.
- Explicit prohibition on misrepresenting warranties.

Importance:

Closes reimbursement abuse loopholes, ensures fair market rates, addresses short-pay practices, and guarantees calibration safety.

(F) Current:

If no provider chosen, insurer/TPA may steer to network shop.

(F) Proposed:

Instead requires that all independent facilities be listed, with disclosure of affiliations.

Importance:

Removes the insurer's ability to default to only their network, guaranteeing consumer sees independents.

(G), (H), (I), (J)**Current & Proposed:**

Both versions prohibit coercion, deceptive claims, unauthorized work, free windshield

misrepresentations, and improper inspections.

Proposed adds tighter wording but largely aligns with existing law.

Importance:

Keeps existing consumer protections, modernizes for digital/automated communications.

(K) Current:

Exempts insurers/TPAs without 10%+ ownership in a glass business.

(K) Proposed:

Removes exemption and applies rules to all insurers/TPAs regardless of ownership or affiliation, including indirect relationships.

Importance:

Critical change—closes the Safelite loophole that allowed TPAs to argue exemption.

(L) Current:

Violations fall under SC Insurance Unfair Claim Practices Act.

(L) Proposed:

Keeps this but moves it further down; penalties strengthened later.

Importance:

Maintains regulatory oversight but builds tougher remedies in section (O).

(M) Current:

Insurers may disclaim warranties on non-network shops.

(M) Proposed:

Insurers may disclose warranties only factually, non-disparagingly. Cannot be used to dissuade use of independents.

Importance:

Prevents subtle steering through warranty fear tactics.

(N) New Section (not in current law):

Requires accreditation (ANSI/AGSC/AGRSS or equivalent) for reimbursement under insurance.

Importance:

Elevates safety/quality by making accreditation mandatory for insurer reimbursement.

(O) New Section (not in current law): Enforcement, Penalties, Remedies

- \$10,000 minimum fines per violation.

- DOI enforcement/audit program funded by annual compliance fee from insurers/TPAs.
- Independent shops may submit violations.
- Personal liability for executives/agents.
- Private right of action for consumers, with damages/treble damages/attorney fees.

Importance:

This is the biggest enforcement shift—current law has weak penalties and no consumer remedies. Proposed version adds real deterrence, funding, and consumer empowerment.

§§ 38-55-173, 39-5-170, 39-5-180 (Current law only)

These sections (anti-rebate, false claims, unlawful practices) remain in force, but the proposed amendment consolidates and strengthens them within §38-57-75.

Importance:

Creates a single, comprehensive framework covering steering, reimbursement, accreditation, enforcement, and penalties.

Overall Importance:

- Closes steering/reimbursement loopholes.
- Mandates accreditation.
- Requires independent shop inclusion.
- Adds DOI enforcement funding.
- Empowers consumers with a private right of action.
- Removes ownership exemption.

This shifts the law from a procedural framework with weak penalties to a strong consumer protection and competition law with teeth.