

Car repair shops getting squeezed by insurers: Consumers Beware

Des Moines Register

Car repair shops across the country say insurance companies are controlling their prices by steering customers toward preferred businesses that do their bidding. Several business owners in Central Iowa took their complaint to the governor's office in September, and state legislators will likely address the issue in the spring, say lobbyists for the insurance industry. Insurance companies deal with thousands of vehicle repairs each year. While some auto body shops argue the price controls amount to collusion, the companies say they figure out who can do the best work for the cheapest, and save money by paying for repairs in what amounts to a preferred network of providers, much like medical insurance. Tom O'Mara of O'Mara Auto Body in Martensdale and others say the preferred networks are an assault on their business. They do quality work, but can't compete with the low prices insurance companies demand. "It's an ongoing problem, there's no doubt about that," said Rick Nickelson, owner of Indianola Auto Body, who also met with the governor in September. "It seems like we live in a corporate world, and all they want to do is feed the bigger guy." For more on this, pick up Sunday's Register. Below is Iowa Insurance Commissioner Susan Voss's letter to the governor's office in response to his request that she look into the issue. Insurance Division Letter

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Source: <https://uphelp.org/car-repair-shops-getting-squeezed-by-insurers-consumers-beware/> Date: April 26, 2024