

# MONTANA STATE AUDITOR

MONICA J. LINDEEN  
STATE AUDITOR



COMMISSIONER OF INSURANCE  
COMMISSIONER OF SECURITIES

## ADVISORY MEMORANDUM

TO: Motor Vehicle Insurers

FROM: Monica J. Lindeen  
Commissioner of Securities and Insurance  
Office of the State Auditor

DATE: July 7, 2009

SUBJECT: HB 291, an Act redefining the market price that must be used with respect to automobile glass repair and automobile body repair businesses amending Mont. Code Ann. §§ 33-18-221, 33-18-222, 33-18-223 and 33-18-224; and providing an immediate effective date.

In 2009, the Montana Legislature passed House Bill 291. The new law replaces the term "lowest prevailing market price" with the term "market price" in the above-referenced statutory sections as they apply to automobile insurance carrier reimbursements for automobile body and glass repairs.

Prior to this change, the law did not require an insurer to pay more than the "lowest prevailing market price," which is defined in Mont. Code Ann. § 33-18-222 as the lowest market price in the local area but not less than the cost to the vendor as per Mont. Code Ann. § 30-14-209.

**EFFECTIVE IMMEDIATELY**, for the purposes of Mont. Code Ann. §§ 33-18-221, 33-18-223 and 33-18-224, market price means "(a) a price agreed upon between the insurer and the business and/or (b) prevailing competitive rate that is reasonable and necessary in the local area where the repairs are to be performed." Mont. Code Ann. § 33-18-222. Market price may not be less than the cost to the vendor. Mont. Code Ann. § 30-14-209.

This change in law prohibits a property and casualty insurer from reimbursing a glass or auto body repair facility at the lowest prevailing market price. Insurers must now establish and consider market price in a local market area or an agreed upon reimbursement labor rate between the repair shop and insurer. Proof of such rates must be statistically established and available upon request by the Commissioner or her representatives.

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