



Representing Ohio's property/casualty
insurance industry

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**INTERESTED PARTY TESTIMONY OF THE OHIO INSURANCE INSTITUTE
ON HOUSE BILL 341
HOUSE STATE GOVERNMENT COMMITTEE
APRIL 12, 2016**

Mr. Chairman and members of the House State Government Committee, thank you for the opportunity to voice support for amending House Bill 341 to create the Towing and Quick Clear Board which will create a long overdue remedy for the most costly abuses perpetrated by a few in the tow truck industry.

I am Dean Fadel and I appear before you today on behalf of the Ohio Insurance Institute, which is the state trade association representing the Ohio-based property and casualty insurance industry.

Our members account for over 80% of all of the private passenger auto insurance written in this state, and several of our members operate in every state in the country.

Auto insurance companies are major payers of towing services in Ohio and throughout the county and have front-line experience with the different regulatory schemes for towing operators. Our members can attest to the fact that there is great power in being able to legally take and hold for payment what in many cases is a person's most expensive and vital asset.

Fortunately the members of the Ohio Insurance Institute express the sentiment that the majority of the towing operators in this state are honest and reputable businesses, providing an important service in a safe and reasonable manner.

But unfortunately, there are still too many operators who are able to abuse the right to hold a vehicle hostage and price gouge without any consequence.

When it comes to abusive tow truck operators the auto insurance industry has two main problems.

The first is inadequate access to a vehicle for claims adjustment and the second is no protections from price-gouging.

Getting a vehicle out of a storage facility in a timely manner is a big problem which we have heard from all of our members.

Under the auto insurance policy and pursuant to laws and administrative rules, an auto insurance company has an obligation to put the claimant in the same position they were in before an accident occurred, and in a timely fashion.

Unfortunately the actions of a few tow truck operators greatly inhibit an insurer's prompt retrieval of a vehicle.

We constantly hear from our members of tow truck operators who place unreasonable limitations on access to towed vehicles with the use of deliberately vague release procedures and elaborate documentation requirements.

These tactics allow the tow truck operator to generate a larger bill and hold vehicles “hostage” until the bill is paid. By restricting access to the towed vehicle, storage charges are allowed to accumulate and in some cases the storage charges exceed the value of the vehicle.

The second but equally troubling practice by some tow truck operators is price-gouging.

We’ve seen some pretty creative pricing by some tow truck operators. Several will automatically add an outlandish “administrative fee” every time they know an auto insurance company is involved. These fees are several hundred dollars.

Every accident is different and might involve extra services, but some of the charges we see on some of these invoices are blatantly excessive, unnecessary and unfairly discriminatory – yet there is no recourse and the auto insurance company is obligated to pay for these services when their policyholder is responsible for the accident.

Our members have been expressing great frustration for several years with the inability to challenge unreasonable towing and storage fees; dispute charges; and negotiate on rates. A total lack of any consequence on tow truck entities that abuse their authority has bred a “take it or leave it” attitude from these towing facilities.

Thus the members of the Ohio Insurance Institute support the amendment to House Bill 341 that creates the Towing and Quick Clear Board to address issues with retrieval of a vehicle and price gouging.

We believe the creation of this board is a long overdue protection. It should facilitate the timely release of a vehicle from a storage facility and also provide a forum we all should hope weeds-out those few tow truck operators who give the entire industry a black eye.

On behalf of the OII members I would also like to commend the respective tow truck associations’ in embracing the need to clean up their industry and thank Representatives Ron Young and Martin Sweeny for their stewardship in attempting to achieve what we believe can be an effective tool in combating a costly problem.

Thank you for your consideration and I would be happy to attempt to answer any questions the committee may have.