

# MAINE STATE LEGISLATURE

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ATTORNEY GENERAL



79-205

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STATE OF MAINE  
DEPARTMENT OF THE ATTORNEY GENERAL  
AUGUSTA, MAINE 04333

December 4, 1979

Honorable Joyce E. Lewis  
R. R. #3  
Maple Hill  
Auburn, Maine 04210

Dear Representative Lewis:

This letter serves to confirm the information provided in our telephone conversations of November 30, 1979. You have presented a question concerning the scope of P.L. 1979, c. 171 entitled, "An Act to Protect Insurance Claim Adjusters and Appraisers from Conflict of Interest." The Act states, in part, that "No person who appraises damage to a motor vehicle for an insurer may repair that damage to that motor vehicle for compensation." You have asked whether Chapter 171 prohibits automobile body shops which estimate damage to a vehicle from subsequently repairing the damage in cases where an insurance company pays the cost of repairs.

A review of the legislative history sheds little light on the issue of the applicability of Chapter 171 to automobile body shops. The legislative intent was apparently directed at eliminating "the obvious conflict of interest that arises when a person repairs a motor vehicle which he has also appraised for an insurance company." [Statement of Fact to H-196, Committee Amendment A to L.D. 813 (1979)]. However, the legislative history does not deal with the question of who is deemed to be engaging in the appraisal of motor vehicle damage for an insurer.

It is our conclusion that Chapter 171 does not prohibit body shop repairs, which are paid by insurers, following estimates of damage. In the ordinary situation the body shop estimates the cost of repairs for the insured, who then transmits the information to the insurance agent or company. When acting in this capacity, the party making the estimate is not appraising damage "for an insurer." Our conclusion is buttressed

by the fact that insurance companies in Maine use, on occasion, people known as "appraisers." These appraisers are hired by insurers to value automobile damage, and they are compensated for their services directly by the insurer. It is our belief that Chapter 171 was intended to restrict the activities of professional appraisers without affecting the estimate services provided by automobile body shops.

We have learned from the Bureau of Insurance that other parties have expressed concern over the meaning of Chapter 171. The Bureau has been informed of the Attorney General's interpretation of the law. In the long term, legislation which clarifies the issue might be desirable. We would be happy to assist in any manner possible.

Very truly yours,

*Stephen L. Diamond*  
STEPHEN L. DIAMOND  
Deputy Attorney General

SLD/ec

cc: Theodore T. Briggs,  
Superintendent of Insurance