

DEPARTMENT OF CONSUMER AFFAIRS
TITLE 16. BUREAU OF AUTOMOTIVE REPAIR
PROPOSED REGULATORY LANGUAGE

Tear Down Disclosure Requirements for Automotive Repair Dealers

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Amend section 3303 of Article 1 of Chapter 1 of Division 33 of Title 16 of the California Code of Regulations to read as follows:

§ 3303. Definitions.

(tw) “Third-party payor” means an aftermarket warranty provider, insurer, or other entity who is responsible for, or has contracted with, the customer to provide payment for repairs to a vehicle.

Amend sections 3352 and 3353 of Article 7 of Chapter 1 of Division 33 of Title 16 of the California Code of Regulations to read as follows:

§ 3352. Definitions.

In this article, unless the context otherwise requires:

- (a) “Estimate” means a paper or electronic document provided to the customer that contains an estimated price for labor and parts for a specific job and that meets the requirements of Business and Professions Code Section 9884.9 and California Code of Regulations Section 3353.
- (b) “Specific job” means all the repair work to be performed in a single transaction, with a statement of each repair to be performed and a description of each repair provided in a manner free of technical and industry terms that a person without professional or specialized knowledge in a particular subject would understand.

~~(b)~~(c) “Work order” means a paper or electronic document that contains the

estimate and memorializes the customer's authorization for a specific job.

~~(e)~~(d) "Invoice" means a paper or electronic document provided to the customer that meets the invoice requirements of Business and Professions Code Section 9884.8 and California Code of Regulations Section 3356.

~~(d)~~(e) "Tear Down" is a repair as defined in Business and Professions Code Section 9880.1(k) and means the act of disassembling a portion(s) or area(s) of the vehicle or vehicle component(s) necessary to assess the extent of the damage or evaluate the condition of the vehicle or vehicle component(s) in order to prepare for the purpose of preparing an estimate.

~~(e)~~(f) "Authorization" means consent, documented in accordance with applicable sections of this article, and expressed as either:

- (1) A written signature authorizing a specific job;
- (2) A statement communicated either orally or electronically to the automotive repair dealer authorizing a specific job.

~~(f)~~(g) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

~~(g)~~(h) "Oral" means voice communication, whether in person, by telephone, or by any electronic manner where voice can be heard.

Authority cited: Section 9882, Business and Professions Code. Reference: Sections 9880.1, 9884.8, 9884.9, 9889.50 and 9889.52, Business and Professions Code.

§ 3353. Estimate/Work Order Requirements.

An estimate shall be provided to and authorized by the customer before any work commences. The estimate shall meet the requirements of Business and Professions Code section 9884.9 as well as the following:

(a) Estimate for Parts and Labor. ~~Every An~~ automotive repair dealer shall ~~give provide~~ provide to each the customer an estimate containing the estimated price for parts and labor for a specific job prior to obtaining authorization. Each part listed in the estimate shall be new unless specifically identified as a used, rebuilt, or reconditioned part.

(b) Estimate for Auto Body or Collision Repairs. ~~Every An~~ automotive repair dealer, when doing auto body or collision repairs, shall ~~give provide to each the~~ provide to each the customer an itemized estimate containing the estimated price for parts and labor for a specific job. Parts and labor shall be described separately, and each part shall be listed in the estimate. Each part listed in the estimate shall be new unless specifically identified as a used, rebuilt, or reconditioned part. Each new replacement crash part listed in the estimate shall be an original equipment manufacturer (OEM) part unless

specifically identified as a non-OEM aftermarket crash part.

(1) If an automotive repair dealer uses an estimate prepared by or on behalf of the customer's third-party payor ("third-party estimate") to create its own estimate ("ARD estimate"), the automotive repair dealer shall:

(A) Notify the customer that the third-party estimate is subject to the Fair Claims Settlement Practice Regulations as adopted by the California Department of Insurance contained in Title 10, Chapter 5, Subchapter 7.5, Article 1 of the California Code of Regulations;

(B) Ensure the ARD estimate provided to the customer complies with all estimate requirements of the Business and Professions Code and this Article;

(C) Record the following on the ARD estimate:

- i. A statement of the intent to repair the vehicle per the third-party estimate;
- ii. The name of the third-party payor;
- iii. The unique identifier contained on the third-party estimate. This unique identifier may be, but is not limited to, a "claim number", "file number", or similar identifying number;
- iv. The total cost of repair listed on the third-party estimate.

(D) Attach the third-party estimate (the original, a duplicate, or printout of the original) to the ARD estimate provided to the customer.

(E) If the customer authorizes changes to the repair, prior to continuing with the repair, notify the third-party payor of customer-approved changes in the ARD estimate that would alter the payment amount specified in the third-party estimate.

(c) Teardown Estimates. Any automotive repair dealer, when performing a tear down, shall do all of the following:

~~If it is necessary to tear down a vehicle or vehicle component in order to diagnose, the automotive repair dealer shall do all of the following:~~

~~(1) Estimate of teardown. The automotive repair dealer shall first give the customer an estimate for the teardown and obtain authorization for the teardown. The estimate shall include the following: Provide the customer an estimate which shall include all the following:~~

(A) The cost of the tear down and a description of the portion(s) or area(s) of the vehicle or vehicle component(s) on which a tear down is necessary to evaluate the condition of the vehicle or vehicle component(s).

~~(A)(B)~~ The cost of reassembling the portion(s) or area(s) of the vehicle or vehicle component(s) after performing the tear down.

~~(B)(C)~~ The cost of all parts and labor necessary to replace items that are normally destroyed by ~~teardown~~ the tear down of the vehicle or component such as gaskets, seals, and O rings.

~~(C)(D)~~ If applicable, notification that ~~the act of teardown~~ the tear down might prevent the restoration of the vehicle or component(s) to the condition in which it was provided by the customer.

~~(D)(E)~~ The maximum time it will take the automotive repair dealer to reassemble the vehicle or component(s) in the event the customer elects not to proceed with the repair or maintenance of the vehicle. The automotive repair dealer shall reassemble the vehicle or component(s) within the time period specified in the ~~teardown~~ tear down estimate. The maximum time shall be counted from the date of authorization of the ~~teardown~~ tear down.

(2) Itemized estimate for repair after ~~teardown~~ tear down. Upon completion of the ~~teardown~~ tear down, the automotive repair dealer shall ~~give~~ provide the customer an itemized estimate for parts and labor and parts necessary for the required repair. The automotive repair dealer shall then obtain the customer's authorization for either to repair or reassembly ~~reassemble the vehicle or any disassembled component(s)~~ before any further diagnosis or repair is done or charges accrue.

(3) If, after performing the ~~teardown~~ tear down, a customer declines repair or reassembly, the automotive repair dealer shall, as applicable, document on the ~~teardown~~ tear down invoice that the customer declined repair or reassembly.

(d) If an ~~An~~ automotive repair dealer, ~~when~~ will be accepting payment for repairs from a third-party payor, the automotive repair dealer shall, prior to obtaining authorization from the customer, do one of the following:

(1) ~~If the amount of payment to be made by the third-party payor is known by the automotive repair dealer prior to providing an estimate to a customer, the automotive repair dealer shall include the total estimated amount and the amount of payment for which the third-party payor is responsible on the estimate; or~~ If the amount of the payment to be made by the third-party payor is known, the automotive repair dealer shall include the amount approved to be paid by the third-party payor on the ARD estimate;

(2) ~~If the amount of payment to be made by the third-party payor is not known, by the automotive repair dealer prior to providing an estimate to a customer, the automotive repair dealer shall include the following notification on the~~

ARD estimate:

“This estimate is for repairs to meet vehicle manufacturer and industry standards. ~~Any agreement you have with a third party payor of the final repair bill may be adjusted based upon policy provisions, resulting in you becoming responsible for an additional portion of the cost of repair beyond any deductible contained within the policy. You will be notified by the insurer of any such adjustments.~~ As the customer, it is your responsibility to contact the third-party payor for approval of payment for the repairs you have authorized.”

(e) If an automotive repair dealer provides or contracts for a towing service, the towing fees shall be provided to the customer—prior to receiving payment for those services—on a separate document (electronic or printed) from any repair estimate or invoice pursuant to Vehicle Code section 22651.07(a)(3) and the Towing and Storage Fees and Access Notice in Vehicle Code section 22651.07(e). Authorization for towing fees shall be obtained separate and apart from any authorization for repair work.

~~(d)(e)(f) Sublet Disclosure.~~ No automotive repair shall be done by someone other than the automotive repair dealer or his or her their employees without the consent of the customer, unless the customer cannot reasonably be notified. An automotive repair dealer shall include with the estimate a statement of any sublet repair to be performed on the vehicle. If requested by the customer, an automotive repair dealer shall disclose the name and location of the facility performing the sublet repair.

Authority cited: Sections 9882, 9884.16 and 9884.9, Business and Professions Code. Reference: Sections 9884.8, 9884.9, 9889.50 and 9889.52, Business and Professions Code, and Section 22651.07, Vehicle Code.