

January 30, 2025

Chair Casey Crabtree and Members of the Committee
Committee on Commerce & Energy
South Dakota Senate

RE: Senate Bill 93 – Insurance Deductibles – Support

Dear Chair Crabtree and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in South Dakota. Working hand-in-hand with our member companies and South Dakota law enforcement, we help to detect, prevent, and deter insurance crimes. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policyholders across the country every year.

Vehicle collisions often cause significant strain on victims. In addition to dealing with any serious injuries that may result, victims must often report to law enforcement and file insurance claims. Handling ongoing medical issues; managing follow-up appointments with either medical professionals, insurance carriers, or law enforcement agencies; providing additional written material that may be required; and finding a reputable vehicle repair shop all pose significant burdens on victims as they navigate the aftermath of a vehicle accident.

Unfortunately, bad actors often seek to take advantage of others' misfortune. Contractor fraud, particularly involving vehicle repairs, is a widespread problem, and South Dakota is not an exception. Unscrupulous repair shops will attempt to lure vehicle owners into agreeing to unnecessary or inflated vehicle repair claims by offering to rebate all or a portion of the vehicle owner's insurance deductible or offer other incentives such as gift cards. NICB has even witnessed repair shops offering a box of steaks for vehicle repairs that are part of an insurance claim.

Senate Bill 93 will help stem vehicle repair service fraud and abuse by prohibiting insurance deductible rebating by vehicle repair shops, body shops, and collision repair centers. This is a commonsense measure to combat insurance fraud and protect South Dakota consumers.

Accordingly, we ask for your strong support of Senate Bill 93.

We thank you for scheduling a hearing and for considering our views as you deliberate the merits of the bill. If you have any questions or need additional information, please contact me at csepich@nicb.org or (847) 772-7667.

Sincerely,

Craig Sepich

Craig Sepich
Director
Office of Strategy, Policy, & Government Affairs
National Insurance Crime Bureau