

Review of: "Estimating the Cost of Monopsony Power Abuse Imposed by a Single U.S. Auto Insurer upon a Large Individual Auto Collision Repair Shop"

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Potential competing interests: No potential competing interests to declare.

This paper is to present a method of calculating the losses incurred by an individual independent ACR shop pursuant to an auto insurer's adverse steering of jobs and its suppression of hourly labor rates against this shop. Also it reports and describes a method for the assessment of damages suffered by an individual ACR shop pursuant to the loss of business due to steering and the suppression of hourly labor rates for its ACR services.

The counterpart is also taken into consideration of the auto insurance industry, which argues that this is an efficient institutional arrangement for ACR work, that it reduces the costs of auto collision repair and therewith insurance premiums within an integrated program of ongoing and committed business relationships that also serve to assure and maintain a high and exacting standard of quality for these repairs.

The ratio of an auto insurer's market share to its share of an independent shop's insurance-related sales can serve as a relative measure of the effects of that insurer's steering efforts on a shop's volume of sales. There is an issue of data availability and therefore of 'scaling' worth mentioning here.

Fact mentioned in this paper is no available data on which these auto insurers can be compared on their county-wide market shares, since each insurer also defines its regional and local data based on the location of its claims processing centers, and not on any governmentally-defined geographic region.

Conclusion drawn from this study is a method for calculating financial losses incurred by a large independent ACR shop and this is due to monopsony power abuse of its policyholders and to its strict control over auto damage appraisals. The measure of steering effects arises from an asserted relationship between these auto insurers' premium-based state-level market shares and their shares of insurance-based revenue at a particular large ACR shop.