HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Towing Regulations

Sharpsburg Borough Building – Pittsburgh, PA
March 28, 2017

AGENDA

2:00 p.m. Welcome and Opening Remarks

2:10 p.m. Panel from National Insurance Crime Bureau:
• Tim Lynch, Director of Government Affairs
• John McCall, Special Agent, Mid-Atlantic Region

2:40 p.m. Panel from the City of Pittsburgh:
• Chief Scott Schubert, Bureau of Police
• Lieutenant Ed Cunningham, Bureau of Police
• Sergeant Rich Begenwald, Auto Theft Unit, Bureau of Police
• Councilman Dan Gilman, Pittsburgh City Council District 8

3:20 p.m. Steven Wheeler
Executive Director
Pennsylvania Auto Theft Prevention Authority

3:50 p.m. John Halbleib
Owner
Halbleib Automotive & D-Maxx Automotive

4:20 p.m. Closing Remarks
March 28, 2017

Pennsylvania House of Representatives
House Democratic Policy Committee

Good Afternoon Chairman Sturla and Members of the Committee:

My name is Tim Lynch, Director of Government Affairs at the National Insurance Crime Bureau (NICB), based in Des Plaines, Illinois. The NICB is a national, not-for-profit organization supported by approximately 1,100 property/casualty insurance companies including many who write business in Pennsylvania. I represent NICB in a government affairs capacity in the Midwest and Mid-Atlantic region, including Pennsylvania.

Working with our member companies and law enforcement, NICB investigates organized criminal conspiracies dealing with insurance fraud and vehicle theft, including allegations of rogue towing practices. We have 4 investigators assigned to Pennsylvania and joining me today is NICB Special Agent John McCall, who has expertise on towing issues in western Pennsylvania.

At the outset, I want to thank Representative Costa for his effort to address additional oversight and reforms of towing operations across the state. The bill draft under discussion certainly provides interested parties with a comprehensive starting point.

Because of our investigative expertise and multi-claim, multi-carrier vantage point, we can confirm that we are seeing major problems involving rogue towers in Pennsylvania, most notably in Pittsburgh and Philadelphia.

Our primary nexus to the towing issue, is mainly confined to accident scene issues, where our many of our members insured drivers have been victimized in form of overzealous solicitation, excessive billing and other abuses.

Common schemes rogue towers utilize involve monitoring police radios and responding to accidents scenes before law enforcement even arrives. Accident victims are often pressured to sign releases and then have their vehicles held at tow yards for extended periods of time, which leads to excessive tow bills. There are also instances of organized schemes with towers having kickback arrangements with body shops. Attached to my testimony are some specific examples of excessive billings and some of the schemes.
Before I comment on the draft bill language, I wanted to inform the committee members on new towing laws in 4 states.

- **California enacted Assembly Bill 1222 in 2015.**
  - Prohibits a towing company from stopping at an accident scene unless summoned to the scene by the owner of the vehicle owner/operator or requested by law enforcement.
  - Establishes requirements to provide proof that a tow truck driver was summoned to the scene.
  - Requires towing companies to provide a written estimate of all charges to the vehicle operator and a signature by the vehicle operator before proceeding with the tow.
  - Requires towing companies to maintain a record of all towing documents for 3 years and make those records available for inspection by law enforcement, as necessary. The bill also created penalties for violations.

- **Illinois enacted Senate Bill 1441 in 2015.**
  - Requires each law enforcement agency in the state (except the City of Chicago) to maintain a tow rotation list to be utilized for towing vehicles.
  - Requires that tow companies meet certain requirements to be placed on the rotation list (licensing, insurance, driver background checks, etc.).
  - Illinois has existing law similar to what was passed in California that accident tows must have the consent of the vehicle owner or be authorized to the scene by law enforcement.
  - In 2016, a new law was passed to make a violation of the accident scene provision a Class 4 felony, which in Illinois could be a fine of up to $25,000. In addition, it allows for a civil action by insurers or the vehicle owners of towers guilty of violating the accident scene prohibition.

- **Missouri enacted House Bill 1976 in 2016.**
  - Prohibits a towing company from stopping at an accident scene unless summoned to the scene by the owner of the vehicle, owner/operator, or requested by law enforcement, unless it's an emergency situation.
  - Allows vehicle owners access to storage yards and sets requirements for when storage yards are to be open for business.
  - Requires towers to make available upon request a written estimate of all tow-related charges.
  - Sets guidelines for local law enforcement agencies to create tow rotation lists.
  - Provided for misdemeanor penalties for 1st offense, and a felony on the 2nd offense.
• Ohio enacted House Bill 341 in 2016
  o Allows consumers and their insurers to file civil actions against towing operators for excessive towing charges, and requires towing operators to produce a towing estimate, if requested by the vehicle owner.
  o It also will set some caps on related fees over the next year

• Due to the increased state legislative activity on towing and growing concerns on the actions of rogue towers, the National Conference of State Insurance Legislators (NCOIL) is currently considering a national towing model, entitled the State Consumer Protection Towing Act. The model is anticipated to be approved later this year, perhaps as soon as at the next NCOIL conference this July. The model contains provisions from each of the state laws I have mentioned.

• Finally, at the local level, the City of Philadelphia last December passed an ordinance to begin a tow rotation program for accident tows and allows for law enforcement to impound tow trucks for violations of the ordinance. The rotation program will likely take several months to take formation.

Per the draft legislation before the committee, NICB’s main nexus is accident scene towing, so we won’t comment on the language related to private property tows.

We do offer the following commentary on the bill:

• Section 3.2 (b) Requirements to be on tow rotation list
  o Would recommend adding a requirement that the towing operator not have extensive record of consumer complaints with attorney general’s office or other agency.

• Section 3.3 (c) Violations
  o Would recommend citing violations for 2nd and 3rd offenses, and perhaps stiffer penalties for repeat offenses.

• Not specific to any section, but would also recommend the following.
  o Requiring towers to provide a written estimate of all tow-related charges, especially at accident scenes.
  o We are unsure what’s in place currently, but would recommend determining whether some form of licensure or registration of tow companies is warranted, either at the state or local level.

NICB supports the majority of the remaining content of the bill, and finds value in the tow rotation list concept, especially in larger metropolitan areas. Certainly, the input from local law enforcement agencies on that issue will be important.
NICB can also be a resource to the committee on the importance of public awareness on the dangers of rogue towing abuses. NICB has worked with various city departments in Chicago, Los Angeles and Houston on various measures. We’d be pleased to work with you to see what we might do in Pennsylvania.

You can view the Los Angeles video here on the NICB YouTube channel: https://www.youtube.com/watch?v=bcPE66PRi8M

Thank you for the opportunity to testify. NICB welcomes the opportunity to assist the committee in your deliberations. I’d be happy to answer any questions.

Regards,

Tim Lynch

Director, Government Affairs

National Insurance Crime Bureau
DATE: March 20, 2017  
TO: Tim Lynch, Director of Government Affairs  
FROM: John McCall, Special Agent, Mid-Atlantic Region, Western and Central PA  
SUBJECT: Referrals RE: Towing Issues

The following are Points of Interest in Referrals RE: Towing Issues as captioned by NICB member companies recently in Western and Central PA:

- Referral Based on Alleged High Towing Bill for Service
  - Total bill is $1,715.00
    - Breakdown: Initial Tow $550.00
    - Accident Service (unexplained) $300.00
    - Inside Storage- 2 days $75.00 per day
    - 2nd Tow, to secondary location, $425.00
    - Gate Fee (for opening gate) $300.00

- Referral based on Alleged Difficulty in Retrieving Vehicle causing Excessive Towing and Storage.

- Referral based on Allegedly Not Being Available to Release Vehicle or Allow owner to Retrieve Items.
  - Allegedly caused excessive fees which were not explained as requests for access to the vehicle occurred during normal business hours.

- Referral based on Alleged Excessive Response to One Vehicle Tow
  - Tow contractor arrived unannounced at one vehicle crash, claimant stated he did not call them.
  - Arrived with 2 trucks carrying 2 drivers and one passenger. The passenger stated prices which were not then in line with the bill received which was $1,590.00 for a tow of a Chevy Tahoe, no need for winching, recovery, or flatbed.

- Referral based on Alleged Overcharging of Storage Fees re: deceased person
  - Allegedly towed vehicle from private property that was owned by party that died suddenly, did not attempt to notify or locate owner or heirs, member company was billed $11,000.00 for towing and storage for period of 7 months.
TESTIMONY

of

Steven R. Wheeler

Executive Director

Pennsylvania Automobile Theft Prevention Authority

Before

The House Democratic Policy Committee

March 28, 2017

regarding

Changes in legislation with respect to “standards for towing”

as proposed by Representative Dom Costa (D-21)
Chairman Sturla, Representative Costa, and members of the committee, on behalf of Chairman Ron Kosh and the members of the Board of Directors of the Pennsylvania Auto Theft Prevention Authority I want to thank you for inviting us here today to offer comments regarding this important proposed legislation.

My name is Steven R. Wheeler and I am the Executive Director of ATPA. By way of background, the Authority was formed by an act of legislation in 1994 and tasked with the mission to “coordinate and fund activities in this Commonwealth to prevent, combat and reduce automobile theft, to improve and support automobile theft law enforcement and administration and to improve and support automobile theft prosecution.” We are pleased to report that since our inception, automobile theft has been reduced nearly 77% in Pennsylvania, a rate which is higher than the reduction in the national of 54%. We accomplish this mission WITHOUT the use of taxpayer dollars. Rather, the Authority is self-funded by an annual assessment made on insurance carriers who write automobile insurance policies in the state. These funds allow us to provide millions of dollars in grant funds to police and prosecutors, such as those assigned to auto theft units in the Pennsylvania State Police, Pittsburgh Bureau of Police, and the Allegheny County District Attorney’s Office, among others, and to engage in public awareness campaigns throughout the state to educate the citizens on issues relating to auto theft prevention. I have provided copies of our annual report to staff today to distribute to the committee. Further information regarding our organization can be found at www.watchyoucar.org. Please pass the word on to your constituents and “follow” us on Facebook and Twitter!

I am here today to offer our support for the proposed changes in legislation regarding standards of towing as outlined in Representative Costa’s draft bill. We add our voice to those of our colleagues in the law enforcement community state-wide who can report to you that often unscrupulous tow operators engage in predatory tow practices which amount to little more than legalized auto theft. Through the use of exorbitant fees, hidden fees, and multiple fees for a variety of services such as hooking and unhooking a vehicle, storing a vehicle, moving a vehicle, and so on — the automobile owner is often faced with a bill so large that their only option is to sign the title of the vehicle over to the tow operator to satisfy payment. We have reports from our grantee police agencies of tow operator schemes that make finding and accessing towed vehicles so difficult that vehicle owners incur day after day of high storage fees and are denied easy access to their towed vehicles. Victims are unable to retrieve valuables, important papers, or even prescription medications.
In many instances, the vehicle owner is unaware at the time of the tow as to what their legal rights are, or what practices and procedures are allowable and thus fall easy prey to these unscrupulous operators at the scene of an accident or breakdown. In other instances because of inadequate or improper signage, they are unaware of the restrictions of private parking and return to find their vehicle gone — and the meter running on towing and storage charges and hidden fees. When they do find their vehicles, they are often stored at a facility with inadequate security and may have received further damage or theft during the time they were stored.

While many municipalities have attempted to address this issue on a local basis, the Authority believes that having a strong state-wide framework, such as that included in Representative Costa’s proposed draft legislation, would provide clear authority to law enforcement agencies investigating these types of incidents, enact professional standards for tow operators with regard to same, and provide important safeguards to vehicle owners across the state.

One only has to realize the impact that losing your car has on the day-to-day life and productivity of the average person to know that the ability to recover a towed vehicle in a timely manner and at reasonable cost is important. Without your car you can’t go to work, you can’t go to your child’s sporting event or school play, you can’t pick up your prescription or take an elderly relative to a medical appointment and you can’t do all of the things that we take for granted each day because our vehicle is readily accessible to us. Often times the victim of these predatory towing schemes are those hardworking people without a lot of resources for whom a car is needed every day to make ends meet. Playing a cat-and-mouse game with a tow operator to find your car, then to receive a lengthy and expensive bill for a myriad of “services” only to have them offer to settle the bill in exchange for your car creates a cycle that is hard to break. Victims are often helpless, don’t know where to turn, and have no idea crimes have been committed against them.

This proposed legislation would help arm law enforcement in quashing one of the many schemes perpetrated on the unsuspecting and productive citizens of our commonwealth. We wholeheartedly endorse it.

Thank you for allowing us to appear here today.