

2017 -- H 5896

=====
LC002039
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO INSURANCE -- UNFAIR COMPETITION AND PRACTICES

Introduced By: Representatives Corvese, Azzinaro, Ucci, Winfield, and Kazarian

Date Introduced: March 09, 2017

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-29-4.4 of the General Laws in Chapter 27-29 entitled "Unfair
2 Competition and Practices" is hereby amended to read as follows:

3 **27-29-4.4. Auto body repair labor rate surveys.**

4 (a) Every insurance carrier authorized to sell motor vehicle liability insurance in the state
5 shall conduct an auto body repair labor rate survey, subject to, and in accordance with, the
6 following provisions:

7 (1) When used in this section the following definitions shall apply:

8 (i) "Auto body labor rate survey" is an analysis of information gathered from auto body
9 repair shops regarding the rates of labor that repair shops charge in a certain geographic area.

10 (ii) "Prevailing auto body labor rate" means the rate determined and set by an insurer as a
11 result of conducting an auto body labor rate survey in a particular geographic area and used by
12 insurers as a basis for determining the cost to settle automobile property damage claims.

13 (iii) "Independent auto body repair facility" means any auto body repair facility that does
14 not have a formal agreement and/or written contract with an insurer to provide auto body repair
15 services to insureds and/or claimants.

16 (iv) "Direct repair program" means any methods through which an insurer refers,
17 suggests, or recommends a specific auto body repair facility, with whom the insurer has a formal
18 agreement and/or contract to provide auto body repair services, to insureds and/or claimants.

19 (v) "Contract rate" means any labor rate to which an auto body repair facility and an

1 insurer have agreed in a formal agreement and/or written contract.

2 (2) Each insurer must annually conduct a separate and distinct written auto body labor
3 rate survey for each classification of auto body shops as established by the department of business
4 regulation pursuant to § 5-38-5, to determine a separate and distinct prevailing auto body labor
5 rate for each classification of fully licensed auto body repair facilities.

6 (3) Insurers may not use an auto body labor rate survey; contract rates from auto body
7 repair facilities with which it has a formal agreement or contract to provide auto body repair
8 services to insureds and/or claimants; rates paid as a result of subrogation, rates obtained from
9 auto body repair facilities in a different classification than that being surveyed, or rates from a
10 repair shop facility holding a limited or special use license.

11 (4) Each auto body labor rate survey shall include the following:

12 (i) The name and address of each shop surveyed in the labor survey;

13 (ii) The total number of shops surveyed;

14 (iii) The prevailing rate established by the insurer for each classification of full collision
15 licensed auto body repair facilities; ~~and~~

16 (iv) A description of the formula or method used to calculate or determine the specific
17 prevailing rate reported; ~~and~~

18 (v) The signature of an authorized representative executed under the penalty of perjury.

19 (5) Each insurer must report the results of their auto body labor rate survey to the
20 department of business regulation insurance division.

21 (6) The department of business regulation must promulgate regulations related to auto
22 body labor rate surveys by October 1, 2006, establishing the following:

23 (i) A questionnaire that must be used by all insurers in their labor rate survey;

24 (ii) Date of reporting; and

25 (iii) Number or percentage of shops to be surveyed.

26 (7) The department of business regulation shall review all surveys submitted for
27 compliance with this section and any rules and regulations promulgated by the department.

28 (8) An insurer authorized to sell motor vehicle liability insurance in the state shall not
29 adopt the prevailing labor rate established by another insurer or insurance group. Any insurer
30 exempted by the department of business regulation from the requirements of subsection (a)(2) of
31 this section, due to market share, must negotiate the payment of auto body labor rates in good
32 faith with each licensed auto body repair facility or voluntarily comply with the requirements of
33 this section.

34 (b) Nothing contained in § 27-29-4.4 shall require an insurer to establish the prevailing

1 rate for each classification of full collision licensed auto body repair facilities based solely on the
2 survey results.

3 SECTION 2. This act shall take effect upon passage.

=====
LC002039
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO INSURANCE -- UNFAIR COMPETITION AND PRACTICES

1 This act would require all valid auto body labor rate surveys to be signed by an
2 authorized representative executed under penalty of perjury. It would also prohibit motor vehicle
3 insurance carriers from adopting the prevailing labor rate established by another insurer or
4 insurance group.

5 This act would take effect upon passage.

=====
LC002039
=====