

2014 -- H 7716

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO BUSINESSES AND PROFESSIONS - AUTOMOBILE BODY REPAIR
SHOPS

Introduced By: Representatives Corvese, Ucci, Winfield, Hull, and Silva

Date Introduced: February 27, 2014

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 5-38-5 of the General Laws in Chapter 5-38 entitled "Automobile
2 Body Repair Shops" is hereby amended to read as follows:

3 **5-38-5. Rules and regulations.** -- The auto collision repair licensing advisory board shall
4 with the director's approval:

5 (1) Establish any rules, regulations, and procedures that it deems appropriate, and all
6 those rules, regulations, and procedures constitute a public record.

7 (2) Establish standards for sanitary, hygienic, and healthful conditions of the work
8 premises and facilities used by persons licensed by the board.

9 (3) Establish minimum requirements for the ~~license~~ licensure of Class A and Class B
10 auto body repair ~~shops~~ shop facilities pursuant to § 5-38-4.1.

11 (4) Establish minimum requirements for the certification of auto repair technicians, other
12 than those whose work is limited to glass repair and/or replacement.

13 SECTION 2. Chapter 5-38 of the General Laws entitled "Automobile Body Repair
14 Shops" is hereby amended by adding thereto the following section:

15 **5-38-4.1. Full collision license classifications.** – (a) There shall be two (2) classifications
16 of auto body shop repair facility full collision licenses.

17 (b) For a Class A license certification a full collision auto body shop repair facility shall:

18 (1) Comply with all department license requirements promulgated pursuant to § 5-38-5.

- 1 (2) Possess the capacity on its licensed premises to:
- 2 (i) Obtain proper specifications for collision repairs through an industry recognized
3 computer program with periodic updates for each vehicle being repaired;
- 4 (ii) Make three (3) dimensional measurements that are verified by a computer for each
5 vehicle being repaired;
- 6 (iii) Diagnose electronic malfunctions with computer assistance;
- 7 (iv) Inspect airbags and other occupant restraint devices to the specifications of the
8 manufacturer;
- 9 (v) Perform welding to vehicle manufacturer specifications for aluminum and high
10 strength steel, using equipment recommended and/or required by vehicle manufacturers,
11 including, but not limited to, inverter resistance welder;
- 12 (vi) Refinish vehicles using a paint system with computerized mixing technology and a
13 designated prep station;
- 14 (vii) Hoist vehicles on a lift for full inspection;
- 15 (viii) Perform repairs with emissions reducing equipment;
- 16 (ix) Dispose of hazardous waste pursuant to regulation;
- 17 (x) Maintain a healthy work environment, including, but not limited to, providing all
18 necessary respiratory equipment for refinishing technicians; and
- 19 (3) Ensure customer satisfaction by providing each customer with a written limited
20 lifetime warranty, that is valid for workmanship and defects, and maintain a system for
21 documenting customer complaints, and responses to service; and
- 22 (4) Demonstrate certification and compliance with environmental agencies, including, but
23 not limited to, the Environmental Protection Agency; and
- 24 (5) Provide evidence of certification of all technicians employed at the auto body shop
25 repair facility by methods approved by the department regulations pursuant to § 5-38-5; and
- 26 (6) Have a facility of a size sufficient to safely conduct repairs, and contain all necessary
27 equipment and apparatus.
- 28 (c) To be eligible for a Class B license certification, a full collision licensed auto body
29 shop repair facility must establish that it has met all of the requirements promulgated by the
30 department pursuant to § 5-38-5. Class B license certification may be issued by the department to
31 any facility that lacks the qualifications set forth in subsection (b) above.
- 32 (d) Class certification shall be issued to qualifying full collision licensed auto body shop
33 repair facilities upon initial application for licensure, and upon license renewal.
- 34 (e) Notwithstanding subsection (d) above, full collision licensed auto body shop repair

1 facilities seeking Class A certification must apply to the department on or before December 1,
2 2014; resulting classification designations (A) or (B) must be issued by the department on or
3 before February 1, 2015. Any applicant requesting Class A certification must submit a three
4 hundred dollar (\$300) application fee.

5 (f) Any full collision licensed auto body shop repair facility that does not apply for
6 certification on or before December 1, 2014, will be designated a Class B full collision auto body
7 shop repair facility.

8 (g) After initial issuance of class designation by the department, pursuant to subsection
9 (e) above, a designated Class B auto body shop repair facility may apply for Class A certification
10 at any time in a calendar year with an application fee of three hundred dollars (\$300). The new
11 classification, if any, resulting from a full collision licensed auto body shop repair facility's
12 application received prior to December 31 of any calendar year must be updated on the
13 department's listing of licensed auto body shop repair facilities for use by insurers in the auto
14 body labor rate survey pursuant to § 27-29-4.4 of the next calendar year.

15 (h) All applications for Class A designation, whenever filed, must be verified by
16 inspection of the licensed premises by a representative of the department.

17 (i) The auto collision repair licensing advisory board shall review the regulations
18 promulgated to help implement this section herein every two (2) years. Nothing herein shall be
19 construed to prohibit the board from a review of the regulations promulgated to implement this
20 section herein before the passage of two (2) years from the date of the initial or most recent
21 promulgation. If new regulations are promulgated as a result of a review by the board, licensees
22 must be given reasonable time to comply with any new requirements of class designations.

23 (j) The department shall adopt such regulations necessary to carry out the provisions of
24 this section on or before November 1, 2014.

25 SECTION 3. Section 27-29-4.4 of the General Laws in Chapter 27-29 entitled "Unfair
26 Competition and Practices" is hereby amended to read as follows:

27 **27-29-4.4. Auto body repair labor rate surveys.** -- (a) Every insurance carrier
28 authorized to sell motor vehicle liability insurance in the state shall conduct an auto body repair
29 labor rate survey, subject to and in accordance with the following provisions:

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

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

33 (ii) "Prevailing auto body labor rate" means the rate determined and set by an insurer as a
34 result of conducting an auto body labor rate survey in a particular geographic area, and used by

1 insurers as a basis for determining the cost to settle automobile property damage claims.

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

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

8 (v) "Contract rate" means any labor rate to which an auto body repair facility and an
9 insurer have agreed in a formal agreement and/or written contract.

10 (2) Each insurer must conduct ~~an~~ [a separate and distinct](#) auto body labor rate survey [for](#)
11 [each classification of auto body shop repair facility as established by the department of business](#)
12 [regulation pursuant to § 5-38-5](#), in writing, annually to determine a [separate and distinct](#)
13 prevailing auto body labor rate for [each classification](#) fully licensed auto body [shop](#) repair
14 facilities.

15 (3) Insurers may not use an auto body labor rate survey, contract rates from auto body
16 repair facilities with which it has a formal agreement or contract to provide auto body repair
17 services to insureds and/or claimants, [rates paid as a result of subrogation, rates obtained from](#)
18 [auto body shop repair facilities in a different classification than that being surveyed](#), or rates from
19 a repair shop facility holding a [limited or](#) special use license.

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

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

22 (ii) The total number of shops surveyed;

23 (iii) The prevailing rate established by the insurer [for each classification of full collision](#)
24 [licensed auto body shop repair facilities \(A&B\)](#); and

25 (iv) A description of the formula or method used to calculate or determine the specific
26 prevailing rate reported.

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

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

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

32 (ii) Date of reporting; and

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

34 (7) The department of business regulation shall review all surveys submitted for

1 compliance with this section and any rules and regulations promulgated by the department.

2 [\(8\) If a full licensed auto body shop repair facility does not respond to an insurer's](#)
3 [questionnaire in the time and method prescribed by the department of business regulation, the](#)
4 [insurer may reimburse the non-responding auto body shop repair facility the prevailing rate it](#)
5 [established for the lowest auto body shop repair facility classification as designated in § 5-38-5 et](#)
6 [seq.](#)

7 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would create two (2) different license classifications for auto body shop repair
2 facilities. It would also require the state to conduct separate and distinct labor rate surveys based
3 upon the type of license classifications held by the auto body shop repair facility.

4 This act would take effect upon passage.

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