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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO INSURANCE - MOTOR VEHICLE PROPERTY DAMAGE CLAIMS
SETTLEMENT ACT

Introduced By: Senators Goodwin, and Ruggerio

Date Introduced: February 28, 2013

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended
2 by adding thereto the following chapter:

3 CHAPTER 10.4

4 MOTOR VEHICLE PROPERTY DAMAGE CLAIMS SETTLEMENT ACT

5 **27-10.4-1. Legislative purposes.** – The general assembly declares that it is concerned
6 with ensuring fair claims settlement practices with regard to motor vehicle property damage
7 claims. The purpose of this chapter is to set forth standards for the disposition of such claims as it
8 relates to vehicles that are to be repaired in auto body repair shops in the state of Rhode Island.

9 The director of the department of business regulation shall promulgate rules and
10 regulations not inconsistent with the purpose of this chapter.

11 **27-10.4-2. Definitions.** – For the purposes of this chapter:

12 (1) "Automobile body shop" means any establishment, garage, or work area enclosed
13 within a building where repairs are made or caused to be made to motor vehicle bodies, including
14 fenders, bumpers, chassis and similar components of motor vehicle bodies as distinguished from
15 the seats, motor, transmission, and other accessories for propulsion and general running gear of
16 motor vehicles, except as provided in section 5-38-20;

17 (2) "Claimant" means a person, other than the insured, who claims that the insured is
18 legally liable to them for damages resulting from an act, occurrence or other covered event as a

1 result of which the insured's policy may be obligated to provide coverage;

2 (3) "Insured" means the party named on a policy or certificate as the individuals with
3 legal rights to the benefits provided by the policy;

4 (4) "Insurer" means any person, reciprocal exchange, interinsurer, Llyods insurer,
5 fraternal benefit society, and any other legal entity engaged in the business of insurance,
6 including agents, brokers, insurance producers, adjusters and third-party administrators. For the
7 purposes of this chapter, the entities in this subdivision shall be deemed to be engaged in the
8 business of insurance and subject to this chapter;

9 (5) "Motor vehicle" means any automobile, truck, or other self-propelled vehicle of any
10 type; and

11 (6) "Person" means any natural or artificial entity including, but not limited to,
12 individuals, partnerships, associations, trusts or corporations, or limited liability corporations.

13 **27-10.4-3. Agreed price for repairs to motor vehicles . -** (a) When determining the
14 amount an insurer must pay for repair of a damaged motor vehicle, every insurer, agent, and
15 employee must:

16 (1) Negotiate in good faith with an auto body shop chosen by an insured or claimant; and

17 (2) Reach an agreed price with the auto body shop chosen by the insured or claimant to
18 repair the vehicle to pre-accident condition.

19 (i) In reaching an agreed price with the chosen auto body shop, an insurer must negotiate
20 all aspects of the repair in good faith, including, but not limited to, the auto body labor rate
21 charged by the auto body shop.

22 (b) If an insurer and an auto body shop do not reach an agreed price to repair the vehicle
23 to pre-accident condition, the insurer may not:

24 (1) Delay concluding the claim and must promptly issue payment for the amount it
25 determined;

26 (2) Require an insured or claimant to have the repairs performed at a different auto body
27 shop;

28 (c) If an insurer and auto body shop do not reach an agreed price, the auto body shop may
29 assert a civil action against the insurer, its employees and agents for all amounts in dispute and
30 any other damages resulting thereto pursuant to section 27-10.4-6.

31 **27-10.4-4. Penalties. --** For each violation of this chapter, the offending insurance
32 company, its employees and agents, shall be fined a sum not to exceed five thousand dollars
33 (\$5,000) by the department of business regulations.

34 **27-10.4-5. Private actions. --** (a) Any insured or claimant, or licensed auto body repair

1 facility may bring an action for money damages against an insurer, its employees and agents, as a
2 result of the use or employment by an insurer, employee, agent, or person of a method, act or
3 practice declared unlawful by section 27-10.4-3. Notwithstanding any provisions of the general or
4 public laws to the contrary, all such actions may be brought in the small claims, district, and
5 superior court of the state of Rhode island in the county in which the insurer maintains its
6 principal place of business. If the insurer is a foreign entity, all such actions shall be brought in
7 the county in which the party bringing the action resides.

8 (b) In any action brought under this section, in addition to the relief provided in this
9 section, the court may award, in its discretion other equitable relief that it deems necessary or
10 proper.

11 (c) Notwithstanding any provision of the general or public laws to the contrary, this
12 section shall not be construed to prevent an insured or claimant from assigning its rights to an
13 auto body shop for any claims arising out of the damage to its motor vehicle.

14 **27-10.4-6. Severability. --** If any provision of this chapter or the application of the
15 provision to any person or circumstances shall be held invalid, the remainder of the chapter and
16 the application of the provision to any person or circumstances other than those as to which it is
17 held invalid shall not be affected by the invalidity.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - MOTOR VEHICLE PROPERTY DAMAGE CLAIMS
SETTLEMENT ACT

- 1 This act would create the motor vehicle property manager settlement act to ensure fair
- 2 claims settlement practices with regard to motor vehicle property damage claims.
- 3 This act would take effect upon passage.

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