

2015 -- H 5491 SUBSTITUTE A AS AMENDED

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LC001381/SUB A/2
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- AUTOMOBILE BODY REPAIR SHOPS

Introduced By: Representatives Corvese, Winfield, Carnevale, and Slater

Date Introduced: February 12, 2015

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 licenser of auto body repair shops.

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

12 (5) Establish two (2) classifications of full collision licensees based upon the following:

13 (i) Class A certification: To be eligible for Class A certification, a full collision licensed
14 auto body repair facility must meet the following minimum requirements:

15 (A) Comply with all requirements for licensure promulgated by the department pursuant
16 to subsections (1) through (4) of this section; and

17 (B) Be certified by at least one automobile manufacturer for the repair and refinishing of
18 aluminum, high strength steel, and other metal or alloy; and

1 (C) Ensure customer satisfaction by providing each customer with a written limited
2 lifetime warranty that is valid against workmanship defects, and maintain a system for
3 documenting customer complaints and responses to service; and

4 (D) Provide evidence of certification of all technicians employed at the auto body repair
5 facility by methods approved by the department regulations pursuant to subsection (4) of this
6 section:

7 (ii) Class B Certification: To be eligible for Class B certification, a full collision licensed
8 auto body repair facility must establish that it has met all of the requirements promulgated by the
9 Department pursuant to subsections (1) through (4) of this section.

10 (iii) Class certification shall be issued to qualifying full collision licensed auto body
11 repair facilities upon initial application for licensure and upon license renewal.

12 (iv) Notwithstanding subsection (iii) above, full collision licensed auto body repair
13 facilities seeking Class A certification must apply to the department on or before December 1,
14 2015; all Class A applications must include documentation evidencing automobile manufacturer
15 certification pursuant to § 5-38-5(5)(i)(B). Resulting classification designations (A or B) must be
16 issued on or before April 1, 2016, by the department. Any applicant requesting Class A
17 certification must submit a three hundred dollar (\$300) application fee.

18 (v) Any full collision licensed auto body repair facility that does not apply for
19 certification on or before March 1, 2016, will be designated as a Class B full collision auto body
20 repair facility.

21 (vi) After initial issuance of class designation by the department, pursuant to subsection
22 (iv) of this section, a designated Class B auto body repair facility may apply for Class A
23 certification at any time in a calendar year with an application fee of three hundred dollars (\$300).
24 The new classification, if any, resulting from a full collision licensed auto body repair facility's
25 application received prior to December 31, of any calendar year must be updated on the
26 department's listing of licensed auto body repair facilities for use by insurers in the auto body
27 labor rate survey pursuant to § 27-29-4.4 of the next calendar year.

28 (vii) The auto collision repair licensing advisory board shall review the regulations
29 promulgated under subsection (5) of this section at least every two (2) years. If new regulations
30 are promulgated as a result of a review by the board, licensees must be given reasonable time to
31 comply with any new requirements of class designations.

32 (viii) The department shall adopt such regulations necessary to carry out the provisions of
33 this section on or before January 31, 2016.

34 SECTION 2. Section 27-29-4.4 of the General Laws in Chapter 27-29 entitled "Unfair

1 Competition and Practices" is hereby amended to read as follows:

2 **27-29-4.4. Auto body repair labor rate surveys.** -- (a) Every insurance carrier
3 authorized to sell motor vehicle liability insurance in the state shall conduct an auto body repair
4 labor rate survey, subject to and in accordance with the following provisions:

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

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

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

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

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

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

19 (2) Each insurer must conduct ~~an~~ a separate and distinct auto body labor rate survey, for
20 each classification of auto body shops as established by the department of business regulation
21 pursuant to § 5-38-5 in writing, annually to determine a separate and distinct prevailing auto body
22 labor rate for each classification of fully licensed auto body repair facilities.

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

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

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

30 (ii) The total number of shops surveyed;

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

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

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

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

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

6 (ii) Date of reporting; and

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

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

10 **(b) Nothing contained in § 27-29-4.4 shall require an insurer to establish the prevailing**
11 **rate for each classification of full collision licensed auto body repair facilities based solely on the**
12 **survey results.**

13 SECTION 3. Section 1 of this act shall take effect upon passage. Section 2 of this act
14 shall take effect on January 1, 2016.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would create two (2) classifications of full collision licensees for auto body
2 repair facilities with the requirements for each. It would also clarify the auto body rate survey
3 requirements.

4 Section 1 of this act would take effect upon passage. Section 2 of this act would take
5 effect on January 1, 2016.

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