It is enacted by the General Assembly as follows:

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

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

1. Establish any rules, regulations, and procedures that it deems appropriate, and all those rules, regulations, and procedures constitute a public record.
2. Establish standards for sanitary, hygienic, and healthful conditions of the work premises and facilities used by persons licensed by the board.
3. Establish minimum requirements for the licenser of auto body repair shops.
4. Establish minimum requirements for the certification of auto repair technicians, other than those whose work is limited to glass repair and/or replacement.
5. Establish three (3) classifications of full collision licensees based upon the amount and type of equipment maintained and used by the auto body shop, the number of certified technicians employed by the auto body shop, certification and compliance with environmental agencies such as the EPA, and any other criteria the board believes necessary to classify auto body shops.

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

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

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

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

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

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

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

(2) Each insurer must conduct an auto body labor rate survey for each classification of auto body shops as defined by the department of business regulation, in writing, annually to determine a prevailing auto body labor rate for each classification of fully licensed auto body repair facilities.

(3) Insurers may not use an auto body labor rate survey, contract rates from auto body repair facilities with which it has a formal agreement or contract to provide auto body repair services to insureds and/or claimants, rates paid as a result of subrogation, or rates from a repair facility holding a special use license.

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

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

(ii) The total number of shops surveyed;

(iii) The prevailing rate established by the insurer; and

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

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

(6) The department of business regulation must promulgate regulations related to auto body labor rate surveys by October 1, 2006 establishing the following:
(i) A questionnaire that must be used by all insurers in their labor rate survey;
(ii) Date of reporting; and
(iii) Number or percentage of shops to be surveyed.
(7) The department of business regulation shall review all surveys submitted for
compliance with this section and any rules and regulations promulgated by the department.
SECTION 3. This act shall take effect upon passage.
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- UNFAIR COMPETITION AND PRACTICES

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1 This act would direct the establishment of three classifications for auto body shops.

2 This act would take effect upon passage.