

2012 -- S 2661

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LC01807
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO INSURANCE -- UNFAIR COMPETITION AND PRACTICES

Introduced By: Senator Maryellen Goodwin

Date Introduced: March 01, 2012

Referred To: Senate Judiciary

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 three (3) classifications of full collision licensees based upon the amount
13 and type of equipment maintained and used by the auto body shop, the number of certified
14 technicians employed by the auto body shop, certification and compliance with environmental
15 agencies such as the EPA, and any other criteria the board believes necessary to classify auto
16 body shops.

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

19 **27-29-4.4. Auto body repair labor rate surveys.** -- (a) Every insurance carrier

1 authorized to sell motor vehicle liability insurance in the state shall conduct an auto body repair
2 labor rate survey, subject to and in accordance with the following provisions:

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

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

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

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

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

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

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

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

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

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

27 (ii) The total number of shops surveyed;

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

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

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

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

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

2 (ii) Date of reporting; and

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

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

6 SECTION 3. 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 direct the establishment of three classifications for auto body shops.
- 2 This act would take effect upon passage.

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