

2025 -- S 0901 SUBSTITUTE A

LC002598/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO INSURANCE -- MOTOR VEHICLE APPRAISAL PROVISION

Introduced By: Senators Gallo, Tikoian, Lawson, LaMountain, DiPalma, and Sosnowski

Date Introduced: March 27, 2025

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-10.4-1 of the General Laws in Chapter 27-10.4 entitled "Motor
2 Vehicle Appraisal Provision" is hereby amended to read as follows:

3 **27-10.4-1. Motor vehicle appraisal provision.**

4 (a) When the insurance company and the insured or ~~claimants fail to agree on the amount~~
5 ~~of a loss, either has the right to exercise the independent appraisal process outlined in this section.~~
6 ~~Agreements by the parties shall be binding. Each shall select a disinterested Rhode Island licensed~~
7 ~~appraiser. The insurer's chosen appraiser shall inspect the damaged motor vehicle within three (3)~~
8 ~~business days after the written demand is received; provided, the damaged motor vehicle is on the~~
9 ~~premises of the repair shop when the request is made. If the insurer's appraiser fails to inspect the~~
10 ~~damaged motor vehicle within the three (3) business days the insurer shall forfeit its right to inspect~~
11 ~~the damaged vehicle prior to repairs, and negotiations shall be limited to labor and the price of parts~~
12 ~~and shall not, unless objective evidence to the contrary is provided by the insurer, involve disputes~~
13 ~~as to the existence of damage or the chosen manner of repair. The time limitations set forth in this~~
14 ~~subsection may be extended by mutual agreement between the auto body repair shop and the~~
15 ~~insurer.~~

16 (b) ~~If the two (2) appraisers fail to agree on the amount of the loss, the insurer and the~~
17 ~~insured or claimant shall select an impartial Rhode Island licensed appraiser as an umpire appraiser.~~
18 ~~If the two (2) appraisers are unable to agree upon an umpire within three (3) business days, the~~
19 ~~party making the initial demand for the loss to be set by appraisal shall select an umpire. The~~

1 ~~appraisers shall then submit their differences to the umpire appraiser. The umpire appraiser shall~~
2 ~~render a decision within three (3) business days, and written agreement by any two (2) of the three~~
3 ~~(3) shall set the amount of the loss. The time limitations set forth in this subsection may be extended~~
4 ~~by mutual agreement between the auto body repair shop and the insurer.~~

5 ~~(c) The insurer shall not engage in any act or practice of intimidation, coercion, threat, or~~
6 ~~misrepresentation of consumer rights, for or against an insured person, claimant, or entity chosen~~
7 ~~in this process.~~ claimant shall fail to agree as to the amount of the loss, the insured or claimant has
8 the right to exercise the independent appraisal process outlined in this section.

9 (1) The insured or claimant, and the insurer, shall each select their own disinterested Rhode
10 Island licensed appraiser at their own expense. The insurer's chosen appraiser shall inspect the
11 damaged motor vehicle within four (4) business days after the written demand is received, provided
12 the damaged motor vehicle is on the premises of the repair shop when the request is made.

13 (2) If the insurer's appraiser fails to inspect the damaged motor vehicle within four (4)
14 business days the insurer shall forfeit its right to inspect the damaged vehicle prior to repairs, and
15 negotiations shall be limited to labor and the price of parts and shall not, unless objective evidence
16 to the contrary is provided by the insurer, involve disputes as to the existence of damage or the
17 chosen manner of repair. The time limitations set forth in this subsection may be extended by
18 mutual agreement between the auto body repair shop and the insurer.

19 (b) If the two (2) appraisers are unable to resolve the dispute between the insurance
20 company and the insured or claimant, then the two (2) appraisers shall submit to each other their
21 best proposal to resolve the disagreement.

22 (1) If the proposals differ by fifteen percent (15%) or less, the amount of the loss shall be
23 the midpoint between them.

24 (2) If the proposals differ by more than fifteen percent (15%), then, within three (3)
25 business days, the appraisers shall submit the names of three (3) disinterested Rhode Island licensed
26 appraisers to each other. The appraisers will endeavor to agree on the selection of one of the
27 proposed candidates to act as umpire.

28 (3) In the event the parties are unable to agree on a candidate to act as umpire, the insured
29 or claimant shall choose an independent association for arbitration such as the American
30 Association of Arbitrators or similar association to provide an umpire.

31 (4) The umpire shall render a decision within five (5) days of appointment.

32 (5) The agreement by the parties, or the umpire's decision, will be binding on the parties,
33 except for supplemental allowances for hidden damage, parts price increases, or any other
34 reasonable charges related to the loss that have not already been paid for.

1 (6) If the insured or claimant initiates this appraisal provision and the final award exceeds
2 the insurer's original offer by more than twenty-five percent (25%), the insurer must reimburse all
3 of the insured or claimant's appraisal costs. If the difference is less than twenty-five percent (25%)
4 the parties shall split the cost of the umpire.

5 (7) If the appraiser selected by the insurer, insured or claimant does not comply with the
6 provisions of § 27-9.1-4 and chapter 10.1 of title 27 or any other applicable Rhode Island law or
7 regulation, their appraisal shall be deemed null and void and excluded from consideration from the
8 umpire.

9 (8) For the purposes of this section a "disinterested Rhode Island licensed appraiser" means
10 a motor vehicle damage appraiser licensed pursuant to chapter 10.1 of title 27 who has not
11 performed an appraisal, received payment or compensation of any type from the claimant or
12 insured, or the insurer, in the previous thirty (30) days.

13 (9) For the purposes of this section an "insurer" means any "insurer" as defined in § 27-
14 9.1-2.

15 (10) Any appraiser that does not qualify as a "disinterested Rhode Island licensed
16 appraiser" may be allowed by mutual agreement of both the parties.

17 (11) Neither party shall waive any rights under the applicable insurance policy which are
18 not part of the appraisal process.

19 (c) The insurer shall not engage in any act or practice of intimidation, coercion, threat, or
20 misrepresentation of consumer rights, for or against an insured person, claimant, or entity chosen
21 in this process.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE -- MOTOR VEHICLE APPRAISAL PROVISION

1 This act would change the process by which a dispute between the insured or claimant and
2 the insurance company responsible for property damage is resolved. It would require that the
3 umpire appraisers would be utilized where a dispute cannot be resolved and the umpire shall be
4 disinterested and chosen by agreement.

5 This act would take effect upon passage.

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