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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 BUSINESSES AND PROFESSIONS - AUTOMOBILE BODY REPAIR  
SHOPS

Introduced By: Representatives Ucci, and Corvese

Date Introduced: May 21, 2013

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 or exceed the following requirements:

15 (A) Comply with all requirements for licensure promulgated by the department pursuant  
16 to subdivisions (2), (3), and (4) above; and

17 (B) Have the ability to:

18 (I) Obtain proper specifications for collision repairs through an industry recognized

1 computer program with periodic updates for each vehicle being repaired;  
2 (II) Make three dimensional measurements that are verified by a computer for each  
3 vehicle being repaired;  
4 (III) Diagnose electronic malfunctions with computer assistance;  
5 (IV) Inspect airbags and other occupant restraint devices to the specifications of the  
6 manufacturer;  
7 (V) Perform welding to manufacturer specifications for aluminum and high strength steel  
8 using equipment, including, but not limited to, an inverter resistance welder;  
9 (VI) Refinish vehicles using a paint system with a computerized mixing technology and a  
10 designated prep station;  
11 (VII) Perform repairs with emissions reducing equipment;  
12 (VIII) Dispose of hazardous waste pursuant to regulation;  
13 (IX) Maintain a healthy work environment including, but not limited to, providing all  
14 necessary respiratory equipment for refinishing technicians;  
15 (X) Hoist vehicles on a lift for full inspection;  
16 (XI) Ensure customer satisfaction by providing each customer with a written limited  
17 lifetime warranty that is valid against workmanship defects and maintain a system for  
18 documenting customer complaints and responses to service;  
19 (XII) Demonstrate certification and compliance with environmental agencies such as the  
20 EPA;  
21 (XIII) Provide evidence of certification of all technicians employed at the auto body  
22 repair facility by methods approved by the department pursuant to subdivision (4) above; and  
23 (XIV) Have a facility of a size sufficient to safely conduct repairs and contain all  
24 necessary equipment and apparatus.  
25 (ii) Class B Certification: To be eligible for Class B certification, a full collision licensed  
26 auto body repair facility must establish that it has met all of the requirements promulgated by the  
27 Department pursuant to subdivisions (2), (3), and (4) above.  
28 (iii) Class certification shall be issued to qualifying auto body repair facilities upon initial  
29 application for licensure and upon license renewal.  
30 (iv) Any designated Class B repair facility may apply for Class A Certification at any  
31 time in a calendar year with an application fee of three hundred dollars (\$300). The new  
32 classification, if any, resulting from a repair facility's application received prior to February 1<sup>st</sup> of  
33 any calendar year must be updated on the department's listing of licensed auto body repair shops  
34 for use by insurers in their auto body labor rate survey. The new classification resulting from a

1 licensee's application filed after February 1<sup>st</sup> of any calendar year may not be included in the auto  
2 body labor rate survey of the same calendar year.

3 (v) Notwithstanding paragraph iii and iv above, all full collision licensed repair facilities  
4 must apply to the Department for class certification before December 1, 2013 and resulting  
5 classification designations (A or B) must be issued on or before January 1, 2014 by the  
6 Department. Any applicant requesting Class A Certification must submit a three hundred dollar  
7 (\$300) application fee.

8 (vi) In the event a full collision licensed repair facility does not apply for certification  
9 prior to December 1, 2013, it will be considered a Class B auto body repair facility.

10 (vii) The Auto Collision Repair Licensing Board shall review the regulations  
11 promulgated under subdivision (5) herein every two (2) years.

12 (viii) The Department shall adopt such regulations necessary to carry out the provisions  
13 of this subdivision on or before November 1, 2013.

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

16 **27-29-4.4. Auto body repair labor rate surveys.** -- (a) Every insurance carrier  
17 authorized to sell motor vehicle liability insurance in the state shall conduct an auto body repair  
18 labor rate survey, subject to and in accordance with the following provisions:

19 ~~(b)~~ (b) When used in this section the following definitions shall apply:

20 ~~(1)~~ (1) "Auto body labor rate survey" is an analysis of information gathered from auto  
21 body repair shops regarding the rates of labor that repair shops charge in a certain geographic  
22 area.

23 ~~(2)~~ (2) "Prevailing auto body labor rate" means the rate determined and set by an insurer  
24 as a result of conducting an auto body labor rate survey in a particular geographic area, and used  
25 by insurers as a basis for determining the cost to settle automobile property damage claims.

26 ~~(3)~~ (3) "Independent auto body repair facility" means any auto body repair facility that  
27 does not have a formal agreement and/or written contract with an insurer to provide auto body  
28 repair services to insureds and/or claimants.

29 ~~(4)~~ (4) "Direct repair program" means any methods through which an insurer refers,  
30 suggests, recommends a specific auto body repair facility, with whom the insurer has a formal  
31 agreement and/or contract to provide auto body repair services, to insureds and/or claimants.

32 ~~(5)~~ (5) "Contract rate" means any labor rate to which an auto body repair facility and an  
33 insurer have agreed in a formal agreement and/or written contract.

34 ~~(c)~~ (c) Each insurer must conduct ~~an~~ a separate and distinct auto body labor rate survey

1 for each classification of auto body shops as established by the Department of Business  
2 Regulation pursuant to section 5-38-5, in writing, annually to determine a separate and distinct  
3 prevailing auto body labor rate for fully licensed auto body repair facilities.

4 ~~(3)~~(d) Insurers may not use an auto body labor rate survey, contract rates from auto body  
5 repair facilities with which it has a formal agreement or contract to provide auto body repair  
6 services to insureds and/or claimants, rates paid as a result of subrogation, rates obtained from  
7 auto body repair facilities in a different classification than the one being surveyed or rates from a  
8 repair facility holding a limited or special use license.

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

10 ~~(i)~~(1) The name and address of each shop surveyed in the labor survey;

11 ~~(ii)~~(2) The total number of shops surveyed;

12 ~~(iii)~~(3) The prevailing rate established by the insurer for each classification of full  
13 collision licensed auto body repair facilities; and

14 ~~(iv)~~(4) A description of the formula or method used to calculate or determine the specific  
15 prevailing rate reported.

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

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

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

21 ~~(ii)~~(2) Date of reporting; and

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

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

25 (i) If a fully licensed auto body repair facility does not respond to an insurer's  
26 questionnaire in the time and method prescribed by the Department of Business Regulation, the  
27 insurer may reimburse the non-responding auto body repair facility at the prevailing rate it  
28 established for the lowest auto body shop classification as designated in section 5-38-5.

29 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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RELATING TO BUSINESSES AND PROFESSIONS - AUTOMOBILE BODY REPAIR  
SHOPS

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1           This act would create two (2) classifications for full collision licenses based upon certain  
2 criteria and require insurance carriers authorized to sell motor vehicle liability insurance to  
3 conduct auto body repair labor rate surveys by classification in determining reimbursement rates.

4           This act would take effect upon passage.

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