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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 INSURANCE -- UNFAIR COMPETITION AND PRACTICES

Introduced By: Senator Dawson T. Hodgson

Date Introduced: March 13, 2013

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-29-4.4 of the General Laws in Chapter 27-29 entitled "Unfair
2 Competition and Practices" is hereby repealed.

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

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

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

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

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

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

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

- 1 ~~(2) Each insurer must conduct an auto body labor rate survey, in writing, annually to~~
2 ~~determine a prevailing auto body labor rate for fully licensed auto body repair facilities.~~
- 3 ~~(3) Insurers may not use an auto body labor rate survey, contract rates from auto body~~
4 ~~repair facilities with which it has a formal agreement or contract to provide auto body repair~~
5 ~~services to insureds and/or claimants, or rates from a repair facility holding a special use license.~~
- 6 ~~(4) Each auto body labor rate survey shall include the following:~~
- 7 ~~(i) The name and address of each shop surveyed in the labor survey;~~
- 8 ~~(ii) The total number of shops surveyed;~~
- 9 ~~(iii) The prevailing rate established by the insurer; and~~
- 10 ~~(iv) A description of the formula or method used to calculate or determine the specific~~
11 ~~prevailing rate reported.~~
- 12 ~~(5) Each insurer must report the results of their auto body labor rate survey to the~~
13 ~~department of business regulation insurance division.~~
- 14 ~~(6) The department of business regulation must promulgate regulations related to auto~~
15 ~~body labor rate surveys by October 1, 2006 establishing the following:~~
- 16 ~~(i) A questionnaire that must be used by all insurers in their labor rate survey;~~
- 17 ~~(ii) Date of reporting; and~~
- 18 ~~(iii) Number or percentage of shops to be surveyed.~~
- 19 ~~(7) The department of business regulation shall review all surveys submitted for~~
20 ~~compliance with this section and any rules and regulations promulgated by the department.~~

21 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 -- UNFAIR COMPETITION AND PRACTICES

1 This act would repeal the provisions of the general laws that require insurance carriers to
2 conduct auto body repair labor rate surveys.

3 This act would take effect upon passage.

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