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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO BUSINESSES AND PROFESSIONS - AUTOMOBILE BODY REPAIR SHOP
LICENSES

Introduced By: Senators Goodwin, and Ruggerio

Date Introduced: April 01, 2015

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 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:

15 (A) Comply with all requirements for licensure promulgated by the department pursuant
16 to subsections (1) through (4) of this section; and

17 (B) Have the ability on the licensed premises 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 (3) 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 vehicle manufacturer specifications for aluminum and high
8 strength steel using equipment recommended and/or required by vehicle manufacturers,
9 including, but not limited to, an inverter resistance welder;

10 (VI) Refinish vehicles using a paint system with computerized mixing technology and a
11 designated prep station;

12 (VII) Hoist vehicle on a lift for full inspection;

13 (VIII) Perform repairs with emissions reducing equipment;

14 (IX) Dispose of hazardous waste pursuant to regulation;

15 (X) Maintain a healthy work environment including, but not limited to, providing all
16 necessary respiratory equipment for refinishing technicians;

17 (C) Ensure customer satisfaction by providing each customer with a written limited
18 lifetime warranty that is valid against workmanship defects and maintain a system for
19 documenting customer complaints and responses to service;

20 (D) Demonstrate certification and compliance with environmental agencies such as the
21 Environmental Protection Agency;

22 (E) Provide evidence of certification of all technicians employed at the auto body repair
23 facility by methods approved by the department regulations pursuant to subsection (4) of this
24 section; and

25 (F) Have a facility of a size sufficient to safely conduct repairs and contain all necessary
26 equipment and apparatus.

27 (ii) Class B certification: To be eligible for Class B certification, a full collision licensed
28 auto body repair facility must establish that it has met all of the requirements promulgated by the
29 department pursuant to subsections (1) through (4) of this section.

30 (iii) Class certification shall be issued to qualifying full collision licensed auto body
31 repair facilities upon initial application for licensure and upon license renewal.

32 (iv) Notwithstanding subsection (iii) above, full collision licensed auto body repair
33 facilities seeking Class A certification must apply to the department on or before December 1,
34 2015; resulting classification designations (A or B) must be issued on or before February 1, 2016,

1 by the department. Any applicant requesting Class A certification must submit a three hundred
2 dollar (\$300) application fee.

3 (v) Any full collision licensed auto body repair facility that does not apply for
4 certification on or before December 1, 2015, will be designated a Class B full collision auto body
5 repair facility.

6 (vi) After initial issuance of class designation by the department, pursuant to paragraph
7 (iv) above, a designated Class B auto body repair facility may apply for Class A certification at
8 any time in a calendar year with an application fee of three hundred dollars (\$300). The new
9 classification, if any, resulting from a full collision licensed auto body repair facility's application
10 received prior to December 31 of any calendar year must be updated on the department's listing
11 of licensed auto body repair facilities for use by insurers in the auto body labor rate survey
12 pursuant to § 27-29-4.4 of the next calendar year.

13 (vii) All applications for Class A designation, whenever filed, must be verified by
14 inspection of the licensed premises by a representative of the department.

15 (viii) The auto collision repair licensing advisory board shall review the regulations
16 promulgated under subsection (5) of this section every two (2) years. Nothing herein shall be
17 construed to prohibit the board from a review of the regulations promulgated pursuant to
18 subsection (5) of this section before the passage of two (2) years from the date of the initial or
19 most recent promulgation. If new regulations are promulgated as a result of a review by the
20 board, licensees must be given reasonable time to comply with any new requirements of class
21 designations.

22 (ix) The department shall adopt such regulations necessary to carry out the provisions of
23 this section on or before November 1, 2015.

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

26 **27-29-4.4. Auto body repair labor rate surveys.** -- (a) Every insurance carrier
27 authorized to sell motor vehicle liability insurance in the state shall conduct an auto body repair
28 labor rate survey, subject to and in accordance with the following provisions:

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

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

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

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

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

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

9 (2) Each insurer must conduct ~~an~~ [a separate and distinct](#) auto body labor rate survey [for](#)
10 [each classification of auto body shop repair facility as established by the department of business](#)
11 [regulation pursuant to § 5-38-5](#), in writing, annually to determine a [separate and distinct](#)
12 prevailing auto body labor rate for [each classification](#) fully licensed auto body [shop](#) repair
13 facilities.

14 (3) Insurers may not use an auto body labor rate survey, contract rates from auto body
15 repair facilities with which it has a formal agreement or contract to provide auto body repair
16 services to insureds and/or claimants, [rates paid as a result of subrogation, rates obtained from](#)
17 [auto body shop repair facilities in a different classification than that being surveyed](#), or rates from
18 a repair shop facility holding a [limited or](#) special use license.

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

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

21 (ii) The total number of shops surveyed;

22 (iii) The prevailing rate established by the insurer [for each classification of full collision](#)
23 [licensed auto body shop repair facilities \(A and B\)](#); and

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

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

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

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

31 (ii) Date of reporting; and

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

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

1 (8) If a full licensed auto body shop repair facility does not respond to an insurer's
2 questionnaire in the time and method prescribed by the department of business regulation, the
3 insurer may reimburse the non-responding auto body shop repair facility the prevailing rate it
4 established for the lowest auto body shop repair facility classification as designated in § 5-38-5 et
5 seq.

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 create two (2) different license classifications for auto body repair shop
2 facilities. It would also require the state to conduct separate and distinct labor rate surveys based
3 upon the type of license classifications held by the auto body repair facility.

4 This act would take effect upon passage.

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