

2011 -- H 5897

=====  
LC01943  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

-----  
A N A C T

RELATING TO INSURANCE

Introduced By: Representatives Ucci, JP O'Neill, Corvese, and Palumbo

Date Introduced: March 09, 2011

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 27-29 of the General Laws entitled "Unfair Competition and  
2 Practices" is hereby amended by adding thereto the following section:

3 **27-29-4.7. Auto body labor rate variance. --** An auto body repair shop that maintains a  
4 full collision repair license issued by the department of business regulation may request a labor  
5 rate variance from any insurance carrier subject to this section:

6 (1) A "labor rate variance" as used in this section shall mean a decision by an insurer,  
7 upon request by an auto body repair shop, to reimburse the auto body repair shop an auto body  
8 labor rate which is different from the prevailing auto body labor rate paid by the insurance carrier  
9 pursuant to section 27-29-4.4 et seq.

10 (2) An auto body repair shop may request a labor rate variance, in writing, from the  
11 insurance carrier within thirty (30) days from the date the insurer files its annual report of auto  
12 body labor rate survey with the department of business regulation.

13 (3) If an auto body repair shop demonstrates to a reasonable degree of generally accepted  
14 accounting principles, using a generally accepted margin for profit, that the auto body labor rate  
15 requested is accurate, the insurer shall grant the requested variance, and establish the requested  
16 rate as the auto body labor rate it must pay to the auto body repair shop for the relevant reporting  
17 year.

18 (4) If an insurer intends to deny the requested labor rate variance, it must do so within  
19 thirty (30) days of receiving the request, and must notify the auto body repair shop of its intent in

1 writing. The notification of intent to deny the requested labor rate variance must list the reasons  
2 for the intended denial, and must state that the auto body repair shop may respond to the reasons  
3 for denial within twenty (20) days of receipt. If no response is received from the auto body repair  
4 shop, the insurer may deny the requested variance.

5 (5) If an insurer denies a requested variance after the auto body shop has responded to its  
6 notification of intent to deny, it must send its denial in writing to the auto body repair shop and  
7 the department of business regulation listing the reasons for the denial within ten (10) days after  
8 its receipt of the auto body repair shop's response.

9 (6) Nothing in this section shall prohibit a private right of action by an aggrieved party.

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

=====  
LC01943  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE

\*\*\*

- 1           This act would require insurance carriers to consider auto body labor rate variance
- 2 requests from auto body repair shops.
- 3           This act would take effect upon passage.

=====  
LC01943  
=====