

2016 -- H 7843

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

A N A C T

RELATING TO MOTOR AND OTHER VEHICLES - MOTOR VEHICLE DEALER SALES
ACT

Introduced By: Representatives Marshall, O'Brien, McKiernan, Almeida, and Williams

Date Introduced: March 03, 2016

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 31 of the General Laws entitled "MOTOR AND OTHER
2 VEHICLES" is hereby amended by adding thereto the following chapter:

3 CHAPTER 5.6

4 MOTOR VEHICLE DEALER SALES ACT

5 **31-5.6-1. Short title.** -- This act shall be known and may be cited as the "Motor Vehicle
6 Dealer Sales Act."

7 **31-5.6-2. Purpose.** -- The purpose of this chapter is to regulate car dealerships in the
8 conduct of the business of insurance in this state.

9 **31-5.6-3. Definitions.** -- For the purposes of this chapter:

10 (1) "Commissioner" means the director of the department of business regulation or their
11 designee.

12 (2) "Insurance" means a policy purchased to provide proof of financial responsibility for
13 the future as required by §31-32-19 and as regulated by the department of business regulation.

14 (3) "Motor vehicle dealer" means any person, firm, or corporation who sells or acts as a
15 broker with respect to the sale of more than four (4) vehicles in any one calendar year or is
16 required to be licensed as provided in §§31-5-6 through 31-5-10.

17 **31-5.6-4. Authorization for implementing regulations.** -- The commissioner may
18 promulgate administrative regulations to effectuate the purposes of this chapter.

1 **31-5.6-5. Anti-tying provisions.** -- (a) No motor vehicle dealer may offer a motor
2 vehicle for sale or lease, of fix or vary the conditions of this offer, on a condition or requirement
3 that the customer obtains insurance from the motor vehicle dealer, or any particular insurance
4 producer.

5 (b) No person shall require or imply that the purchase of an insurance product from a
6 motor vehicle dealer or any particular insurance provider, by a customer or prospective customer
7 is required as a condition of, or is in any way related to, the lending of money or extension of
8 credit, or the provision of services related to any of these activities.

9 **31-5.6-6. Sales force.** -- Solicitation for the purchase or sale of insurance by a motor
10 vehicle dealer shall be conducted only by persons licensed in accordance with chapter 2.4 of title
11 27 whose responsibilities do not include the sale of a motor vehicle, including, but not limited to,
12 salespersons, persons whose responsibilities include a determination of credit qualification, or
13 persons assisting those individuals in the sale or lease of a vehicle.

14 **31-5.6-7. Confidential customer information.** -- (a) As used in this section, unless the
15 context requires otherwise:

16 (1) "Customer" means a person seeking to purchase or lease a motor vehicle.

17 (2) "Nonpublic customer information" means information regarding a person that has
18 been derived from a record of a motor vehicle dealer, including, make or model of the vehicle to
19 be purchased or leased, information concerning the terms and conditions of insurance coverage,
20 insurance expirations, insurance claims, or insurance history of an individual. Nonpublic
21 customer information does not include customer names, addresses or telephone numbers.

22 (b) No motor vehicle dealer shall use any nonpublic customer information for the purpose
23 of selling or soliciting the purchase of insurance or provide the nonpublic customer information to
24 a third party for the purpose of another's sale or solicitation of the purchase of insurance.

25 **31-5.6-8. Insurance in connection with the sale or lease of a motor vehicle.** -- The
26 transaction of a sale or lease of a motor vehicle and insurance transactions shall be completed
27 independently and through separate documents.

28 **31-5.6-9. Physical location of insurance activities.** -- The place of solicitation or sale of
29 insurance by any motor vehicle dealer shall be from an office physically separated from the
30 activities associated with the sale or lease of a motor vehicle. Physical separation shall not be
31 defined as a separate building. The commissioner shall have the authority to promulgate rules and
32 regulations to implement this chapter pursuant to §31-5.6-4.

33 **31-5.6-10. Penalties.** -- Any person who violates the provisions of this chapter, or who
34 fails to perform any duties imposed by this chapter, or who violates any administrative regulation

1 promulgated pursuant to this chapter shall be liable for a civil penalty not to exceed the sum of
2 one hundred dollars (\$100) for each day which the violation continues, and in addition, may be
3 concurrently enjoined from any further violations by the superior court upon petition of the
4 insurance commissioner.

5 SECTION 2. This act shall take effect January 1, 2017.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO MOTOR AND OTHER VEHICLES - MOTOR VEHICLE DEALER SALES
ACT

- 1 This act would prevent motor vehicle dealers from offering a motor vehicle for sale or
- 2 lease on a condition or requirement that insurance is obtained from that dealer.
- 3 This act would take effect on January 1, 2017.

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