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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2007

A N A C T

RELATING TO INSURANCE - UNFAIR CLAIMS SETTLEMENT PRACTICES ACT - MOTOR VEHICLE REPARATIONS

Introduced By: Representative Arthur J. Corvese

Date Introduced: February 28, 2007

Referred To: House Corporations

It is enacted by the General Assembly as follows:

SECTION 1. Section 27-9.1-4 of the General Laws in Chapter 27-9.1 entitled "Unfair Claims Settlement Practices Act" is hereby amended to read as follows:

27-9.1-4. "Unfair claims practices" defined. -- Any of the following acts by an insurer, if committed in violation of section 27-9.1-3, constitutes an unfair claims practice:

(1) Misrepresenting to claimants and insured relevant facts or policy provisions relating to coverage at issue;

(2) Failing to acknowledge and act with reasonable promptness upon pertinent communications with respect to claims arising under its policies;

(3) Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies;

(4) Not attempting in good faith to effectuate prompt, fair, and equitable settlement of claims submitted in which liability has become reasonably clear;

(5) Compelling insured, beneficiaries, or claimants to institute suits to recover amounts due under its policies by offering substantially less than the amounts ultimately recovered in suits brought by them;

(6) Refusing to pay claims without conducting a reasonable investigation;

(7) Failing to affirm or deny coverage of claims within a reasonable time after having completed its investigation related to the claim or claims;

(8) Attempting to settle or settling claims for less than the amount that a reasonable person would believe the insured or beneficiary was entitled by reference to written or printed advertising material accompanying or made part of an application;

(9) Attempting to settle or settling claims on the basis of an application that was materially altered without notice to, or knowledge or consent of, the insured;

(10) Making claims payments to an insured or beneficiary without indicating the coverage under which each payment is being made;

(11) Unreasonably delaying the investigation or payment of claims by requiring both a formal proof of loss form and subsequent verification that would result in duplication of information and verification appearing in the formal proof of loss form;

(12) Failing in the case of claims denials or offers of compromise settlement to promptly provide a reasonable and accurate explanation of the basis of those actions;

(13) Failing to provide forms necessary to present claims within ten (10) calendar days of a request with reasonable explanations regarding their use;

(14) Failing to adopt and implement reasonable standards to assure that the repairs of a repairer owned by or required to be used by the insurer are performed in a workmanlike manner;

(15) Misleading a claimant as to the applicable statute of limitations;

(16) Failing to respond to a claim within thirty (30) days, unless the insured shall agree to a longer period;

(17) Engaging in any act or practice of intimidation, coercion, threat or misrepresentation of consumers rights, for or against any insured person, claimant, or entity to use a particular rental car company for motor vehicle replacement services or products; provided, however, nothing shall prohibit any insurance company, agent or adjuster from providing to such insured person, claimant or entity the names of a rental car company with which arrangements have been made with respect to motor vehicle replacement services; provided, that the rental car company is licensed pursuant to Rhode Island general laws section 31-5-33; or

(18) Refusing to honor a "direction to pay" executed by an insured, claimant, indicating that the insured or claimant, wishes to have the insurance company directly pay his or her motor vehicle replacement vehicle rental benefit to the rental car company of the consumer's choice; provided, that the rental car company is licensed pursuant to Rhode Island general laws section 31-5-33. Nothing in this section shall be construed to prevent the insurance company's ability to question or challenge the amount charged, in accordance with its policy provisions, and the requirements of the department of business regulation. and ;

(19) Failing to comply with the requirements of Rhode Island general laws section 31-47-

12.1.

SECTION 2. Section 31-47-12.1 of the General Laws in Chapter 31-47 entitled "Motor Vehicle Reparations Act" is hereby amended to read as follows:

31-47-12.1. Right to choose auto body repair facility. -- Any evidence of proof of financial responsibility or security shall include the following statement therein~~: "Pursuant to Rhode Island insurance law, an insurance company cannot require that repairs be made to a motor vehicle by any particular auto body repair shop or facility."~~ in bold face print: "PURSUANT TO RHODE ISLAND LAW, THE CONSUMER HAS THE RIGHT TO CHOOSE THE REPAIR FACILITY TO COMPLETE REPAIRS TO A MOTOR VEHICLE. AN INSURANCE COMPANY MAY NOT INTERFERE WITH THE CONSUMER'S CHOICE OF REPAIRER."

SECTION 3. This act shall take effect on January 1, 2008.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO INSURANCE - UNFAIR CLAIMS SETTLEMENT PRACTICES ACT - MOTOR VEHICLE REPARATIONS

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This act would allow claimants as well as insured to choose the rental car company of their choice. It would also change the wording of the insurance card notice relating to free choice of auto body shops.

This act would take effect on January 1, 2008.

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