



Department of Business Regulation

1511 Pontiac Avenue, Bldg. 69-2

Cranston, RI 02920

Insurance Bulletin Number 2004-2

Property & Casualty Insurance

Unfair Competition and Practices

Free Choice of Selection of an Auto Body Repair Shop

The purpose of R.I. Gen. Laws § 27-29-4 is to protect consumers from unfair methods of competition or unfair or deceptive acts or practices. Specifically, the legislative intent of subsection (15) is to assure consumers (first and third party claimants) the right to have a free choice in selecting an automobile body repair shop. The purpose of this bulletin is to clarify insurance companies' obligations pursuant to R.I. Gen. Laws § 27-29-4(15).

R.I. Gen. Laws § 27-29-4(15) defines one unfair method of competition and unfair or deceptive act or practice in the business of insurance as:

[r]equiring that repairs be made to an automobile at a specified auto body repair shop or interfering with the insured's or claimant's free choice of repair facility. The insured or claimant shall be promptly informed by the insurer of his or her free choice in the selection of an auto body repair shop. Once the insured or claimant has advised the insurer that an auto body repair shop has been selected, the insurer may not recommend that a different auto body repair shop be selected to repair the automobile. [Emphasis added]

When a claim is reported to an insurer, the insurer must promptly inform the claimant (first or third party) of his or her free choice in the selection of an automobile body repair shop. The insurer may not require repairs to be made at a specific auto body shop or interfere with the insured's or claimant's free choice of repair facility. In addition, once the insured or claimant tells the insurer that he/she has selected an automobile body repair shop, the insurer may not recommend a different auto body repair shop.

R.I. Gen. Laws § 27-29-4(15) does not prevent an insurer from communicating true information to a consumer. The mere transmittal of information does not constitute "steering." Providing truthful, non-coercive information about options available to consumers is not a "recommendation" prohibited by the statute. The fact that a consumer alters his or her choice of repairer after speaking with an insurer does not itself establish a violation of the statute. However, an insurer may not disseminate false information. At no time shall an insurer make any misrepresentation to the claimant (first or third party) about any of the following: the

limitations, scope, and/or quality of the work of any automobile body repair shop or of the warranty or guarantee provided by any shop for the work performed.

The choice of an auto body shop is the consumers. Insurers should guide their conduct by that principle. Examples of conduct, in the totality of the circumstance, that constitute “interfering” can be found in the Departments’ administrative decision in [Providence Auto Body v. Allstate Insurance Company, DBR 07-I-0114](#). Further, the Department does not interpret R.I. Gen. Laws § 27-29-4(15) as prohibiting the insured or claimant from receiving, or the insurance company from conveying to, the insured or claimant information concerning the insurer’s obligations and benefits under the contract (policy).

The provisions of this Bulletin also apply to claims involving motor vehicle glass installation.

The Department recommends that insurers review current claims handling practices to ascertain compliance with the above law. Failure to comply with said statute will result in administrative action and penalty in accordance with applicable law and/or regulation.

Joseph Torti III
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