

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

CONCISE EXPLANATORY STATEMENT

Insurance Regulation 42 – Motor Vehicle Damage Appraisers

The Department of Business Regulation (“Department”) hereby adopts amendments to Insurance Regulation 42 effective February 26, 2009 and makes this statement in accordance with R.I. Gen. Laws § 42-35-2.3. The Department makes these amendments in order to adopt standards of conduct between appraisers and auto body shops in the appraisal of motor vehicles. There are four differences between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-3 and the rule as adopted. Those differences are:

Section 3(J) – The Department has removed the definition of “Professional Manner” to avoid any confusion as indicated by commenters.

Section 7(H) – The Department has altered the language to meet the intent. There was a great deal of comment on the possible interpretations of this provision. The only intent of this provision is to bar an insurer, on its own, from “deducting” an amount paid to an auto body shop on an appraisal from additional amounts due as a result of a supplemental inspection. This section does not prohibit the insurer from noting whether repairs were completed and the manner of completion, from informing or discussing those findings with the owner of the vehicle or from instituting a change to repair procedure agreed to by the auto body shop.

Section 7(V) – The Department agrees that the exceptions in 7(E) should apply to this section as well and have made the appropriate change.

Section 7(X) – The Department has altered the language to remove the “in writing” requirement.

Section 8(B) – The Department has amended to remove the language concerning appeal pursuant to comments made.

Comments made at the hearing with regard to one section were considered and rejected. Those sections are:

Section 7(H) – The Department rejected the request of many commenters to eliminate these changes. One commenter indicated that the ability to “adjust” the amount paid when a company determines that the original work was not done is a manner of preventing fraud. This would be the

case if the insurer had information as to the agreement between the auto body shop and the owner of the vehicle. The owner of the vehicle has the right to accept payment rather than repair and may do so with regard to some but not all of the repairs. This provision does not, however, prevent insurers from investigating further or informing the owner of the vehicle what was found. The Department considered alternative language recommended by one commenter but decided that its clarifying language better expressed its position.