

HOUSE BILL 1084

C4

71r2573

By: **Delegate Impallaria**

Introduced and read first time: February 12, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurers – Repair Products and Services – Rates**

3 FOR the purpose of requiring the Maryland Insurance Commissioner to appoint an
4 independent auditor to establish, on an annual basis, an average market rate
5 for labor, parts, paint, and materials provided by certain motor vehicle repair
6 facilities; requiring separate average market rates to be established for certain
7 geographic zones; specifying the manner in which an average market rate must
8 be established; requiring the independent auditor to report to the Commissioner
9 on the average market rates on or before a certain date each year; requiring
10 certain rates to be posted on the Maryland Insurance Administration’s website;
11 prohibiting certain insurers that issue, sell, or deliver motor vehicle liability
12 insurance policies in the State from requiring a motor vehicle repair facility to
13 accept a certain payment; requiring the Commissioner to collect a certain fee
14 from certain insurers; and generally relating to payments made by motor
15 vehicle insurers to motor vehicle repair facilities.

16 BY adding to

17 Article – Insurance

18 Section 19–115

19 Annotated Code of Maryland

20 (2006 Replacement Volume and 2006 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **19-115.**

2 (A) **THIS SECTION APPLIES TO EACH INSURER THAT:**

3 (1) **ISSUES, SELLS, OR DELIVERS A MOTOR VEHICLE LIABILITY**
4 **INSURANCE POLICY IN THE STATE; AND**

5 (2) **CONDUCTS PERIODIC MARKET SURVEYS OF RATES CHARGED**
6 **BY MOTOR VEHICLE REPAIR FACILITIES FOR LABOR, PARTS, PAINT, AND**
7 **MATERIALS.**

8 (B) (1) **THE COMMISSIONER SHALL APPOINT AN INDEPENDENT**
9 **AUDITOR TO ESTABLISH, ON AN ANNUAL BASIS, AN AVERAGE MARKET RATE FOR**
10 **LABOR, PARTS, PAINT, AND MATERIALS PROVIDED BY MOTOR VEHICLE REPAIR**
11 **FACILITIES IN THE STATE.**

12 (2) **SEPARATE AVERAGE MARKET RATES SHALL BE ESTABLISHED**
13 **FOR EACH GEOGRAPHIC ZONE IN THE STATE THAT IS COMMONLY RECOGNIZED**
14 **IN THE INSURANCE INDUSTRY FOR PURPOSES OF DETERMINING MARKET**
15 **RATES.**

16 (3) **IN ESTABLISHING AN AVERAGE MARKET RATE FOR A**
17 **GEOGRAPHIC ZONE, THE INDEPENDENT AUDITOR SHALL:**

18 (I) **DETERMINE THE RATE CHARGED AS OF NOVEMBER 1 BY**
19 **EACH MOTOR VEHICLE REPAIR FACILITY IN THE GEOGRAPHIC ZONE FOR PARTS,**
20 **LABOR, PAINT, AND MATERIALS;**

21 (II) **ELIMINATE ANY RATES ESTABLISHED THROUGH A**
22 **CONTRACTUAL AGREEMENT BETWEEN AN INSURER AND A MOTOR VEHICLE**
23 **REPAIR FACILITY LOCATED IN THE GEOGRAPHIC ZONE;**

24 (III) **ELIMINATE THE LOWEST AND HIGHEST RATE CHARGED**
25 **IN THE GEOGRAPHIC ZONE; AND**

26 (IV) **CALCULATE THE AVERAGE RATE BASED ON THE**
27 **REMAINING RATES CHARGED IN THE GEOGRAPHIC ZONE.**

1 **(C) (1) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE**
2 **INDEPENDENT AUDITOR SHALL REPORT TO THE COMMISSIONER ON THE**
3 **AVERAGE MARKET RATES ESTABLISHED UNDER SUBSECTION (B) OF THIS**
4 **SECTION.**

5 **(2) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE**
6 **COMMISSIONER SHALL POST ON THE ADMINISTRATION'S WEBSITE THE**
7 **AVERAGE MARKET RATES FOR EACH GEOGRAPHIC ZONE THAT WILL BE IN**
8 **EFFECT FOR THE CALENDAR YEAR.**

9 **(D) AN INSURER SUBJECT TO THIS SECTION MAY NOT REQUIRE A**
10 **MOTOR VEHICLE REPAIR FACILITY TO ACCEPT A PAYMENT FOR PARTS, LABOR,**
11 **PAINT, OR MATERIALS THAT IS LESS THAN THE AVERAGE MARKET RATE IN**
12 **EFFECT FOR THOSE ITEMS FOR THE GEOGRAPHIC ZONE IN WHICH THE REPAIR**
13 **FACILITY IS LOCATED.**

14 **(E) THE COMMISSIONER SHALL COLLECT FROM EACH INSURER**
15 **SUBJECT TO THIS SECTION A FEE SUFFICIENT TO PAY FOR THE COST OF**
16 **IMPLEMENTING THIS SECTION.**

17 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
18 **October 1, 2007.**