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**House-Proposed Amendments to S.95 Only
(DFR banking and insurance)**

Sec. 7. 8 V.S.A. § 8084a is amended to read:

§ 8084a. REQUIRED DISCLOSURE OF RATING PRACTICES TO
CONSUMERS

(a) Other than policies for which no applicable premium rate or rate schedule increases can be made, insurers shall provide all of the information listed in this subsection to the applicant at the time of application or enrollment, unless the method of application does not allow for delivery at that time. In such a case, an insurer shall provide all of the information listed in this subsection to the applicant not later than at the time of delivery of the policy or certificate:

(1) ~~a~~ A statement that the policy may be subject to rate increases in the future;

(2) ~~an~~ An explanation of potential future premium rate or rate schedule revisions and the policyholder’s or certificate holder’s option in the event of a ~~premium rate~~ revision;

(3) ~~the~~ The premium rate or rate schedules applicable to the applicant that will be in effect until a request is made for an increase;

(4) ~~a~~ A general explanation for applying premium rate or rate schedule adjustments that shall include:

1 (A) a description of when premium rate or rate schedule adjustments
2 will be effective; and

3 (B) the right to a revised premium rate or rate schedule as provided in
4 subdivision (2) of this subsection (a) if the premium rate or rate schedule is
5 changed; ~~and.~~

6 (5) ~~information~~ Information regarding each premium rate or rate
7 schedule increase on this policy form or similar policy forms over the past 10
8 years for this State or any other state that, at a minimum, identifies:

9 (A) ~~the~~ The policy forms for which premium rates or rate schedules
10 have been increased; ~~.~~

11 (B) ~~the~~ The calendar years during which the form was available for
12 purchase; ~~and.~~

13 (C) ~~the~~ The amount or percent of each increase. The percentage may
14 be expressed as a percentage of the premium rate prior to the increase and may
15 also be expressed as minimum and maximum percentages if the rate increase is
16 variable by rating characteristics.

17 * * *

18 (c) The insurer ~~may~~ shall, in a form and in a fair manner approved by the
19 Commissioner, provide explanatory information related to ~~the~~ premium rate
20 and rate schedule increases covered by this section.

1 (d) An applicant shall, at the time of application, unless the method of
2 application does not allow for acknowledgment at that time, in such a case, not
3 later than at the time of delivery of the policy or certificate, sign an
4 acknowledgment that the insurer made the ~~disclosure~~ disclosures required
5 under subdivisions (a)(1) and (5) of this section.

6 (e) An insurer shall provide notice of an upcoming premium rate or rate
7 schedule increase to all policyholders or certificate holders, if applicable, at
8 least ~~45~~ 90 days prior to the implementation of the premium rate or rate
9 schedule increase by the insurer. The notice shall include the information
10 required by subsection (a) of this section when the rate increase is
11 implemented, as well as the explanatory information required by subsection (c)
12 of this section that is specific to the upcoming premium rate or rate schedule
13 increase.

14
15 **Sec. 7a.** 8 V.S.A. § 23(a) is amended to read:

16 (a) This section shall apply to all persons licensed, authorized, or
17 registered, or required to be licensed, authorized, or registered, under this title
18 or under 9 V.S.A. chapter 150.

19
20 **Sec. 12a.** STUDY; AUTOMOBILE INSURANCE; LABOR RATES; USE
21 OF AFTERMARKET PARTS; BUSINESS PRACTICES

1 (a) In order to ensure that the business practices of automobile insurance
2 companies in Vermont are fair and reasonable, the Commissioner of Financial
3 Regulation shall conduct a study of labor rates, the use of aftermarket parts,
4 market conditions, and other business practices identified in this section. The
5 Commissioner shall investigate and make findings and recommendations
6 regarding the following:

7 (1) The average hourly labor rates charged by auto body shops in
8 Vermont on both a statewide and a regional basis; the rates charged in other
9 jurisdictions, including the regions of New York, Massachusetts, and New
10 Hampshire that share a border with Vermont; and the rates paid by automobile
11 insurance companies for repair work in Vermont. In addition, the
12 Commissioner shall consult with the Economic & Labor Market Information
13 Division within the Department of Labor to obtain, as a reference, hourly wage
14 data for auto body and related repairers. The Commissioner shall also take
15 into consideration other forms of insurance labor reimbursement including flat
16 rates for repair work, as well as the factors used by auto body shops and
17 insurance companies to arrive at labor repair rates. Based on this data, the
18 Commissioner shall recommend whether Vermont should establish a minimum
19 labor reimbursement rate for both first- and third-party automobile insurance
20 claims and, if so, what that rate should be and how it should be adjusted to
21 reflect market changes such as inflation.

1 (2) Whether the appraisal practices of automobile insurance companies
2 and independent appraisers equally consider the interests of insurance
3 companies, auto body shops, and consumers.

4 (3) The extent to which an automobile insurance company controls or
5 influences repair work done at an auto body shop chosen by the consumer and
6 how any such control or influence should affect the liability of the insurance
7 company, particularly regarding the quality and safety of the repair work.

8 (4) The use of direct repair programs, generally, and their impact on
9 both the automobile repair industry and consumers.

10 (5) The disclosures made to a consumer by an insurance company, both
11 at the point of sale and upon the submission of a claim, as well as the existing
12 consumer information developed and maintained by the Department of
13 Financial Regulation and whether and to what extent additional disclosures are
14 necessary to ensure a consumer is adequately informed of their potential
15 financial exposure under a policy, including with regard to any labor rate
16 differential, material rate differential, hour differential, and rental differential
17 for loss of use.

18 (6) Whether Insurance Regulation I-79-2 (revised) should be updated to
19 reflect market changes or business practices that may impede the prompt, fair,
20 and equitable settlement of claims in which liability has become reasonably
21 clear. In particular, the Commissioner shall review Section 8 of the regulation,

1 which concerns standards for the settlements of property and physical damage
2 claims, and further clarify the independence of the appraisals under subdivision
3 (A)(1); the ability of an insurer to negotiate with a repairer under subdivision
4 (A)(2); and the ability of an insurer to insist that repairs be done by a specific
5 repairer under subdivision (A)(3). If the Commissioner determines revisions to
6 the regulation are necessary, the Commissioner shall initiate a rulemaking to
7 effectuate those revisions.

8 (7) The betterment practices of insurance companies and whether the
9 valuation methods employed are legitimate and fair to consumers.

10 (8) The use of aftermarket or recycled parts in automobile repairs,
11 including their potential cost savings, and whether aftermarket parts, in
12 particular, should be certified and whether and to what extent an insurer should
13 be liable for incidental costs related to the use of aftermarket or recycled parts,
14 such as for any necessary modifications, and the notification that should be
15 provided to a consumer regarding the use of aftermarket or recycled parts in a
16 repair.

17 (9) The number and nature of complaints received by the Department of
18 Financial Regulation with respect to automobile insurance policies. In
19 addition, the Commissioner shall request and the Attorney General shall
20 provide the number and nature of any such complaints received by the

1 Consumer Assistance Program, as well as the number and nature of any
2 complaints regarding repair work by auto body shops.

3 (10) Any other acts or practices or market conditions related to
4 insurance coverage for automobile repairs and whether any additional
5 regulatory measures are necessary to prevent anticompetitive behavior and
6 ensure the interests of all parties, especially consumers, are adequately
7 protected.

8 (11) How the costs of auto repairs contribute to the price and availability
9 of automobile insurance in Vermont and whether the establishment of a
10 minimum labor rate and all other findings and recommendations made by the
11 Commissioner pursuant to this section could impact the price and availability
12 of automobile insurance in Vermont.

13 (b) The Commissioner shall establish a process for soliciting and receiving
14 input regarding the matters addressed in this section from stakeholders,
15 including insurance companies, consumers, auto body shops, and any other
16 persons deemed appropriate by the Commissioner.

17 (c) The Commissioner of Financial Regulation shall submit a final report
18 that includes the Commissioner’s finding and recommendations under this
19 section to the House Committee on Commerce and Economic Development
20 and the Senate Committees on Finance and on Judiciary on or before

1 November 15, 2024 and shall submit an interim progress report to the same
2 legislative committees on or before January 15, 2024.

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