

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was  
3 referred Senate Bill No. 95 entitled “An act relating to banking and insurance”  
4 respectfully reports that it has considered the same and recommends that the  
5 House propose to the Senate that the bill be amended as follows:

6 First: By striking out Sec. 7, 8 V.S.A. § 8084a(e), in its entirety and  
7 inserting in lieu thereof a new Sec. 7 to read as follows:

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

9 § 8084a. REQUIRED DISCLOSURE OF RATING PRACTICES TO  
10 CONSUMERS

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

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

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

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

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

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

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

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

16                   (A) ~~the~~ The policy forms for which premium rates or rate schedules  
17 have been increased;

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

20                   (C) ~~the~~ The amount or percent of each increase. The percentage may  
21 be expressed as a percentage of the premium rate prior to the increase and may

1 also be expressed as minimum and maximum percentages if the rate increase is  
2 variable by rating characteristics.

3 \* \* \*

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

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

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

20 Second: By adding Sec. 7a to read as follows:

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

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

4 Third: By adding Sec. 12a to read as follows:

5 Sec. 12a. STUDY; AUTOMOBILE INSURANCE; LABOR RATES; USE  
6 OF AFTERMARKET PARTS; BUSINESS PRACTICES

7 (a) In order to ensure that the business practices of automobile insurance  
8 companies in Vermont do not unfairly disadvantage consumers or the  
9 automotive repair industry and workforce, generally, the Commissioner of  
10 Financial Regulation shall conduct a study of labor rates, the use of aftermarket  
11 parts, market conditions, and other business practices identified in this section.  
12 The Commissioner shall investigate and make findings and recommendations  
13 regarding the following:

14 (1) The average hourly labor rates charged by automobile repair  
15 facilities in Vermont on both a statewide and a regional basis; the rates charged  
16 in other jurisdictions, including New York, Massachusetts, and New  
17 Hampshire; and the rates paid by automobile insurance companies for repair  
18 work in Vermont. Based on this data, the Commissioner shall determine  
19 whether Vermont should establish a minimum reimbursement rate for both  
20 first- and third-party automobile insurance claims and, if so, what that rate  
21 should be and how it should be adjusted to reflect market changes such as

1 inflation. In addition, and upon further investigation, the Commissioner shall  
2 determine whether insurance reimbursement rates may reflect unlawful market  
3 collusion among insurance companies or whether the market share of a  
4 particular company in a geographic area presents risks of anticompetitive  
5 conduct, and whether additional safeguards are needed to ensure such conduct  
6 or practices do not occur.

7 (2) The appraisal practices of automobile insurance companies and  
8 whether “independent” appraisals are available to consumers or whether such  
9 appraisals are more likely to reflect the financial interests of insurance  
10 companies to the detriment of consumers or repairers.

11 (3) The extent to which an automobile insurance company controls or  
12 influences repair work done at a repair shop chosen by the consumer and how  
13 any such control or influence should affect the liability of the insurance  
14 company, particularly regarding the quality and safety of the repair work.

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

17 (5) The disclosures made to a consumer by an insurance company, both  
18 at the point of sale and upon the submission of a claim, as well as the existing  
19 consumer information developed and maintained by the Department of  
20 Financial Regulation and whether and to what extent additional disclosures are  
21 necessary to ensure a consumer is adequately informed of their financial

1 exposure under a policy, including with regard to any labor rate differential,  
2 material rate differential, hour differential, and rental differential for loss of  
3 use.

4 (6) Whether Insurance Regulation I-79-2 (revised) should be updated to  
5 reflect market changes or business practices that may impede the prompt, fair,  
6 and equitable settlement of claims in which liability has become reasonably  
7 clear. In particular, the Commissioner shall review Section 8 of the regulation,  
8 which concerns standards for the settlements of property and physical damage  
9 claims, and further clarify the independence of the appraisals under subdivision  
10 (A)(1); the ability of an insurer to negotiate with a repairer under subdivision  
11 (A)(2); and the ability of an insurer to insist that repairs be done by a specific  
12 repairer under subdivision (A)(3). If the Commissioner determines revisions to  
13 the regulation are necessary, the Commissioner shall initiate a rulemaking to  
14 effectuate those revisions.

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

17 (8) The use of aftermarket or recycled parts in automobile repairs and  
18 whether aftermarket parts, in particular, should be certified and whether and to  
19 what extent an insurer should be liable for incidental costs related to the use of  
20 aftermarket or recycled parts, such as for any necessary modifications, and the

1 notification that should be provided to a consumer regarding the use of  
2 aftermarket or recycled parts in a repair.

3 (9) The number and nature of complaints received by the Department of  
4 Financial Regulation with respect to automobile insurance policies. In  
5 addition, the Commissioner shall request and the Attorney General shall  
6 provide the number and nature of any such complaints received by the  
7 Consumer Assistance Program.

8 (10) Any other acts or practices related to insurance coverage for  
9 automobile repairs that may reflect an imbalance of power between the  
10 insurance company and the consumer or repairer and whether any additional  
11 regulatory measures are necessary to prevent anticompetitive behavior and  
12 ensure the interests of all parties are adequately protected.

13 (b) The Commissioner of Financial Regulation shall submit a final report  
14 that includes the Commissioner’s finding and recommendations under this  
15 section to the House Committee on Commerce and Economic Development  
16 and the Senate Committees on Finance and on Judiciary on or before  
17 November 15, 2024, and shall submit an interim progress report to the same  
18 legislative committees on or before January 15, 2024.

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3 (Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

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FOR THE COMMITTEE