

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 38.2-517 of the Code of Virginia, relating to unfair insurance*
3 *settlement practices; recommending motor vehicle repair services; required disclosures.*

4 [H 2267]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 38.2-517 of the Code of Virginia is amended and reenacted as follows:**

8 § 38.2-517. Unfair settlement practices; replacement and repair; penalty.

9 A. No person shall:

10 1. Require an insured or claimant to utilize designated replacement or repair facilities or services, or
11 the products of designated manufacturers, as a prerequisite to settling or paying any claim arising under
12 a policy or policies of insurance; or13 2. Engage in any act of coercion or intimidation causing or intended to cause an insured or claimant
14 to utilize designated replacement or repair facilities or services, or the products of designated
15 manufacturers, in connection with settling or paying any claim arising under a policy or policies of
16 insurance;17 3. Fail to disclose to the insured or claimant, at such time as it recommends the use of a designated
18 motor vehicle replacement or repair facility or service, or products of a designated manufacturer, in
19 connection with settling or paying any claim arising under a policy or policies of insurance, that the
20 insured or claimant is under no obligation to use the replacement or repair facility or service or
21 products of the manufacturer recommended by the insurer or by a representative of the insurer; or22 4. Fail to disclose to the insured or claimant, at such time as it recommends the use of a designated
23 motor vehicle replacement or repair facility in connection with settling or paying any claim arising
24 under a policy or policies of insurance, that the insurer has a financial interest in such replacement or
25 repair facility, if the insurer has such an interest.26 B. This section shall not be construed to require an insurer to pay an amount for motor vehicle
27 repair services or repair products necessary to properly and fairly repair the vehicle to its pre-loss
28 condition that is greater than the prevailing competitive charges for equivalent services or products
29 charged by similar contractors or repair shops within a reasonable geographic or trade area of the
30 address of the repair facility. Offering an explanation of the extent of an insurer's obligation under this
31 section to its policyholder or third-party claimant shall not constitute a violation of this section.32 C. Any person violating this section shall be subject to the injunctive, penalty, and enforcement
33 provisions of Chapter 2 (§ 38.2-200 et seq.) of this title. The Commission shall investigate, with the
34 written authorization of the insured or the claimant, any written complaints received pursuant to this
35 section, regardless of whether such written complaints are submitted by an individual or a repair facility.
36 For the purpose of this subsection, any insurance company utilizing a third party shall be held
37 accountable for any violation of this section by such third party.38 **2. That the provisions of this act shall apply to motor vehicle insurance policies issued or renewed**
39 **on or after July 1, 2003.**

ENROLLED

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