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HOUSE BILL NO. 2333

Offered January 8, 2003

Prefiled January 8, 2003

A *BILL to amend and reenact § 38.2-517 of the Code of Virginia, relating to unfair insurance settlement practices; recommending motor vehicle repair services.*

Patron—Miles

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-517 of the Code of Virginia is amended and reenacted as follows:

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

A. No person shall:

1. Require an insured or claimant to utilize designated replacement or repair facilities or services, or the products of designated manufacturers, as a prerequisite to settling or paying any claim arising under a policy or policies of insurance; or

2. Engage in any act of coercion or intimidation causing or intended to cause an insured or claimant to utilize designated replacement or repair facilities or services, or the products of designated manufacturers, in connection with settling or paying any claim arising under a policy or policies of insurance; or

3. *Recommend the use of a designated motor vehicle replacement or repair facility or service, or products of a designated manufacturer, in connection with settling or paying any claim arising under a policy or policies of insurance without (i) advising the insured or claimant that the insured or claimant is under no obligation to use the replacement or repair facility or service or products of the manufacturer recommended by the insurer or by a representative of the insurer and (ii) disclosing to the insured or claimant whether or not the insurer or its representative has a financial interest in such facility or service. However, the use of a replacement or repair facility or service or products of a manufacturer chosen by the insured or its representative, or by the insured or claimant, in no way alters either the insurer's liability under any portion of an insurance policy or the insured's or claimant's obligations under the policy or under applicable law. For purposes of this section, a designated replacement or repair facility or service includes any shop or service on an insurer's network or preferred vendor list.*

B. Any person violating this section shall be subject to the injunctive, penalty, and enforcement provisions of Chapter 2 (§ 38.2-200 et seq.) of this title. The Commission shall investigate, with the written authorization of the insured or the claimant, any written complaints received pursuant to this section, regardless of whether such written complaints are submitted by an individual or a repair facility. For the purpose of this subsection, any insurance company utilizing a third party shall be held accountable for any violation of this section by such third party.

2. That the provisions of this act shall apply to motor vehicle insurance policies issued or renewed on or after July 1, 2003.

INTRODUCED

HB2333