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HOUSE BILL NO. 2737

Offered January 16, 2003

A BILL to amend and reenact § 38.2-517 of the Code of Virginia, relating to motor vehicle insurance; referral of certain business.

Patrons—Lingamfelter, Albo, Amundson, Athey, Bolvin, Brink, Callahan, Cosgrove, Griffith, Hall, Hargrove, Janis, Joannou, Johnson, McDonnell, Miles, Morgan, Nixon, Parrish, Petersen, Phillips, Pollard, Rollison, Saxman, Stump, Tata and Ware; Senators: Martin, Wagner and Williams

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 the products of a designated manufacturer, in connection with settling or paying any claim arising under a policy or policies of insurance, without (i) notifying the insured or claimant that he is under no obligation to use the recommended replacement or repair facility, service or products, 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. The insured or claimant's choice of a replacement or repair facility or service or the products of a manufacturer shall not alter in any way 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 recommended replacement or repair facility or service includes any shop or service on an insurer's list of preferred vendors.*

B. *No insurer providing motor vehicle insurance, as defined in § 38.2-124, nor any of its affiliated entities, shall refer an insured to a collision repair business that performs services arising from automobile insurance claims in which the insurer or any of its affiliated entities holds an ownership interest constituting control, as defined in § 13.1-725.*

C. 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.

INTRODUCED

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