

**State Corporation Commission**  
**2003 Fiscal Impact Statement**  
**Revised**

**1. Bill Number** HB2267

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Hargrove

**3. Committee** Commerce and Labor

**4. Title** Insurance; unfair settlement practices; recommending motor vehicle repair services; required disclosures

**5. Summary/Purpose:** The January 23, 2003 amendment in the nature of a substitute amends § 38.2 -517 by prohibiting insurers (the law uses the term “person”) from (i) failing to disclose that the insured or claimant is not obligated to use the repair or replacement facility or service or products recommended by the insurer or its representative; and (ii) failing to disclose to the insured or claimant if the insurer or its representative has a financial interest in the recommended repair or replacement facility. The bill also adds a new subsection B to § 38.2 -517 to state that insurers are not required to pay more for motor vehicle repair services or products than the prevailing competitive charges for equivalent services or products charged by similar contractors or repair shops within a reasonable geographic or trade area of the repair facility. The bill further states that offering an explanation to the policyholder or claimant of the extent of the insurer’s obligation under this section does not constitute a violation of the section. The provisions of the act will apply to motor vehicle insurance policies issued or renewed on or after July 1, 2003.

**6. No Fiscal Impact on state agencies**

**7. Budget amendment necessary** : No

**8. Fiscal implications** : None

**9. Specific agency or political subdivisions affected** : State Corporation Commission Bureau of Insurance

**10. Technical amendment necessary** : On Line 28, after the word “facility” insert “if the insurer has such an interest”

**11. Other comments** : None

**Date:** 02/07/03/V. Tompkins

cc: Secretary of Commerce and Trade